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NEWS SUMMARY

GENERAL

S. Africa cricket tour attacked

The speaker rejected an opposition call for an emergency Commons debate on English cricketers' tour of South Africa.

More than 100 Labour MPs attacked the cricketers' action and signed an early day motion condemning the "selfish decision."

Mr Gerald Kaufman condemned the twelve as "the dirty dozen," "selling themselves for blood-covered Krugerrands." Page 8

Hostages delayed

Police questioning delayed the departure of the Tanzanian hijack hostages. They hope to leave today. More weapons were found in the aircraft after the siege ended. Delight at end of drama, Page 8

NY bomb claim

An underground Puerto Rican nationalist group claimed responsibility for four bomb blasts at New York's two main stock exchanges and other financial institutions.

Bonn demo plan

A huge peace demonstration is being planned in West Germany to coincide with President Reagan's visit to Bonn in mid-June for a Nato summit. Page 2

Toxteth new start

Pupils went back to the Toxteth primary school troubled by vandalism. The new headmaster promised "no recriminations." Later, there were scuffles between protesters and journalists after a Press conference.

College vandalism

More than 350 students were sent home from the technical college at Consell, Co Durham, after a serious outbreak of vandalism there.

'Don't pay' call

Twelve GLC councillors urged support for a Can't Pay, Won't Pay campaign of civil disobedience if London Transport fares are raised.

OFT curbs plan

The Office of Fair Trading is considering new powers to curb rogue traders who carry out faulty home improvements. Page 6

Revenge penalty

A father was ordered to pay £1,200 to the motor cyclist who killed his daughter. John Pagel, of Low Fell, Tyne and Wear, smashed up the man's bike after the accident.

'Life' for murder

A man was jailed for life at Liverpool Crown Court after strangling his 17-year-old stepdaughter, with whom he had been having sex for four years.

Cull protest

The Greenpeace conservation group plans to send three Hovercraft to Canada's Gulf of St Lawrence to oppose the slaughter of harp and hooded seals.

'Odour' closure

An infant school at Sawtry, Cambridgeshire, has been closed because of a "strong and obnoxious odour."

Thomas honoured

A memorial stone was installed in Poets' Corner, Westminster Abbey, to honour Welsh poet Dylan Thomas yesterday, St David's day.

Portrait of Venus

The Soviet Union landed the first of two space probes on Venus and said that it took panoramic photographs.

BUSINESS

Equities boosted by rise in gilts

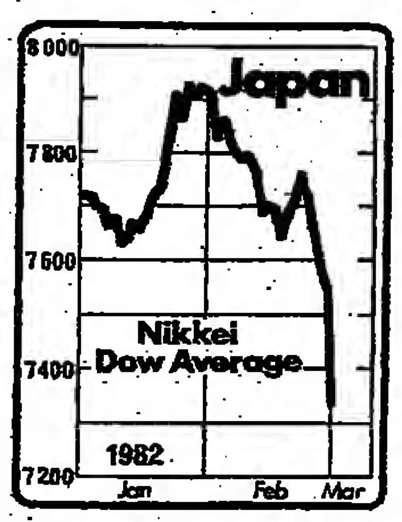
● GILTS rose on hopes of lower interest rates. The Government Securities index gained 0.52 at 66.91. Page 28

● EQUITIES were influenced by gilts and the FT Industrial Ordinary index rose 3.5 to 550.8. Page 28

● WALL STREET was up 4.28 at 828.67 near the close. Page 26

● GOLD fell $3.25 to $359.75 in London. In New York, Comex March closed at $361.80. The Gold Mines index fell to 252.8. Page 22

● TOKYO STOCK prices fell sharply. The Nikkei Dow Jones



index lost 113.02 to 7,327.44, its biggest fall this year.

Australian stock prices fell and the All Ordinaries index lost 3.2 at 487.6. Page 26

● DOLLAR rose to DM 2.386 (DM 2.383), SwFr 1.894 (SwFr 1.893) and Y238.10 (Y235.60). Its trade-weighted index was 113.5 (113.3). Page 22

● STERLING closed unchanged at $1.8215 but firmed against Continental currencies to DM 4.3475 (DM 4.345), SwFr 3.4525 (SwFr 3.450) and FFr 11.0825 (FFr 11.075). Its trade-weighted index was 91.1 (91.1). Page 22

● ANNUAL inflation rate of the 10-nation European Economic Community slowed to 12.5 per cent in January against December's 12.7 per cent.

● U.S. TRADE with South Africa is expected to increase significantly in the wake of relaxation of the embargo imposed by President Carter. Page 4

● EUROPEAN car industry will decline unless EEC countries give up national policies and adopt a European approach, Dr Umberto Agnelli, vice-chairman of Fiat has warned. Page 2

● CRUDE OIL consumption in the European Community fell nearly 9 per cent last year and will this year supply less than half its energy needs. Page 2

● BRITISH NATIONAL Oil Corporation is expected to announce cuts in the price of North Sea oil shortly. Page 6

● THE GOVERNMENT is facing a political clash over whether Parliament should be allowed to scrutinise the books of nationalised industries. Back Page

● FOUR CIVIL engineering companies have backed the most costly cross-Channel link—a £3.8bn bridge and tunnel scheme. Page 5

● DE LOREAN creditors, who claim they are owed over £20m, have applied to the Government for help. Page 7

● FISONS, the agrochemicals and pharmaceuticals group, raised 1981 pre-tax profits to £9.3m from 1980's £3.8m after a recovery in the second half. Page 19; Lex, Back Page

● ROYAL INSURANCE pre-tax profits for 1981 fell less than 4 per cent to £117.6m (£122.2m) despite underwriting losses more than doubling. Page 18; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Exchqr 13¼pc 1987 "A" (£20 pd)	£21[illegible]	+ 1
Treas 14½pc 1994	£99[illegible]	+ 1½
Treas 13½pc '04-08	£94[illegible]	+ 1
Assd Comms A	86	+ 5
BTR	357	+ 7
Barratt Dev	245	+ 6
Black & Edgington	30	+ 4
Channel Tunnel	200	+ 7
First Nat Finance	39	+ 1½
Fisher (A.)	28[illegible]	+ 13½
Fisons	2[illegible]0	+ 20
GEC	817	+ 7
Glaxo	478	+ 6
Platignum	9[illegible]	+ [illegible]
Royal Insurance	36[illegible]	+ 10
Sharpe (W. N.)	460	+ 10
Unilever	63[illegible]	+ 7
Wiggins	95	+ 4
Wollworths	58½	+ 3½
Zetters	92	+ 10
ORE	167xc	+ 17
Inch Kenneth Kajang	345	+ 25
Pancontinental	120	+ 12

FALLS

Blagden & Noakes	110	− 8
Cater Allen	305	− 10
Croda Intnl	76	− 7
Gills and Duffus	140	− 4
Union Discount	415	− 10
Ultramar	370	− 10
Anglo Amer Gold	£34[illegible]	− [illegible]
Cns Gold Fields	408	− 12
Doornfontein	700	− 43
Durban Deep	714	− 42
Hartebeest	£22	− 1½

Judges reject pledge by ACC directors to accept à Court bid

BY JOHN MOORE, CITY CORRESPONDENT

YESTERDAY, Mr Robert Holmes à Court, the Australian enterpreneur, suffered a serious setback in his battle to take over Associated Communications Corporation, the entertainments empire built by Lord Grade.

The Court of Appeal ruled that promises and undertakings given by directors of ACC, including Lord Grade, to accept a £36m bid for the company made by the Australian were "null and void."

The decision means that Mr Holmes à Court can no longer count on receiving the directors' shares—which represented a crucial 64 per cent of the voting equity of the entertainments group—in his efforts to gain control of the company. The directors' undertakings to accept his offer have been quashed by the courts.

Bizarre

One of the most bizarre takeover bids the City of London has seen is set to become a conventional takeover battle between business interests of Mr Holmes à Court and Mr Gerald Ronson's Heron Corporation, one of the UK's largest private companies.

Mr Ronson, chairman of Heron, said he was delighted at yesterday's outcome. His group, which is prepared to offer £49.4m for ACC, is seeking discussions with ACC's advisers and directors.

BPM Holdings, which owns the Birmingham Post and Mail and has 5 per cent of the voting shares of ACC, said yesterday that "common sense coincided with the law for once." BPM had aligned itself with the Heron cause.

Speculation has been mounting that the Australian is poised to accept a higher offer or sell his existing shares in ACC to Mr Ronson's group. Mr Holmes à Court, through business interests, holds 51 per cent of the non-voting shares of ACC, which he acquired for about £15m, and voting shares representing 2 per cent.

Mr Holmes à Court is in Australia but intends to make a statement clarifying his intentions in the next 24-hours.

Heron Corporation started legal action in an attempt to block the transfer of shares of ACC directors to Mr Holmes à Court in January. Until yesterday Mr Holmes à Court looked to have his bid for ACC "sewn up" because of the acceptance of directors. Even though Heron had attempted to force up the value of the bid through a series of counterbids.

It looked almost certain that Mr Holmes à Court's bid, worth 66p per share for the non-voting shares and £3.20 per share for the voting shares, would succeed.

Last month Heron raised its bid to 90p per share for the non-voting shares of ACC and £3.60 per share for the voting equity.

Lamentable

Lord Justice Lawton said yesterday that it "would be lamentable if at the end of the day Mr Holmes à Court was successful in forcing on the shareholders the offer of 66p which was forced on the directors on January 13 1982."

He said it was the duty of directors of ACC, including Mr Holmes à Court, who took over the chairmanship of the company from Lord Grade in January, to ensure that the shareholders of ACC received and were able to accept an offer at the best price which at the moment appeared to be 90p.

Mr Louis Benjamin, deputy chairman of ACC, said after the court hearing in London, which was attended by Lord Grade, that ACC directors planned to meet informally to discuss the outcome. "We will be talking

Continued on Back Page
Details of judgment, Page 6

Belgium faces crippling strike over steel cuts

BY GILES MERRITT IN BRUSSELS

BELGIAN steel workers yesterday threatened indefinite strike action, which could paralyse much of the country's industry, over the Government's plans to reduce steel industry capacity.

Leaders of the FGTB—the most important union group in Wallonia, the French-speaking industrial southern part of Belgium in which the steel industry is based—want cuts at the state-owned steel group, Cockerill-Sambre, to be abandoned.

Otherwise, they say, they will launch a series of strikes which would halt Cockerill-Sambre production in Liege and Charleroi and rapidly could affect engineering output throughout Wallonia.

Damaging strike action in Wallonia could detonate a serious political confrontation between the Walloon-based Socialists and Belgium's new centre-right coalition Government.

The steelworkers' threat was made yesterday by FGTB leader M Robert Gillon shortly before he had a key meeting on the future of Cockerill-Sambre with Viscount Etienne Davignon, the EEC Industry Commissioner responsible for industrial affairs, and Mr Mark Eyskens, the Belgian Economic Affairs Minister.

M Gillon was due to discuss plans backed by the EEC and the Belgian Government for a reduction in Cockerill-Sambre's production capacity of 8.5m tonnes of crude steel a year to 6.5m tonnes of finished steel products.

The unions say the plan — put forward by McKinsey consultants — would probably entail the loss this year of about 10,000 jobs in Cockerill-Sambre.

The Government's backing of the EEC Commission's hard-line approach to steel industry restructuring reflects the determined austerity measures being introduced by the coalition in its efforts to halt the country's economic decline.

But the tough economic policies adopted by the two-month-old Christian Democrat-Liberal Government, led by M Wilfried Martens, are provoking deep antagonism in Wallonia. There are fears that the row over Cockerill-Sambre could result in a wave of civil disobediance.

Sporadic strikes last week severely disrupted steel production in the region and affected a number of other sectors.

Resentment against the Belgian Government is being fuelled by its economic rescue programme, which has led to wage curbs, a selective prices freeze and a devaluation of the franc. Further budgetary measures, including cuts in social security spending, are expected shortly.

Barclays profits up 8.2%

BY ALAN FREIDMAN

BARCLAYS BANK, the largest of Britain's clearers in terms of assets, increased its pre-tax profit in 1981 by 8.2 per cent over the previous year to £566.6m.

The improvement fell below the stock market's best expectations, and shares closed unchanged at 480p.

Among reasons for the relatively small pre-tax rise were lower domestic banking profits and an increase in the bank's provisions for bad and doubtful debts in its international division.

Barclays is paying a final dividend of 11.5p, making a total 1981 payment of 22p, up 18.9 per cent over 1980. The bank also proposes a one-for-five scrip issue, and hopes to pay a maintained 1982 dividend on the increased share capital. This would suggest a 20 per cent dividend rise next year.

Barclays' domestic bank registered a profit fall of 8 per cent to £267.1m for the year to December 31, the second consecutive year of decline for this business.

The principal reasons for the fall were lower interest rates, an average of 13.2 per cent base rate against 16.3 per cent in 1980 and a 16 per cent rise in overhead costs, which was more rapid than the growth in interest and commission income.

Barclays UK staff costs rose by 15 per cent despite there being fewer employees than a year ago. The bank says it is now about 3 per cent "overstaffed," but that some "slight slack" is needed.

Overall 1981 provisions for bad and doubtful debts rose slightly, to £140.1m. But the bad debt provisions made by Barclays Bank International were up nearly 50 per cent to £84.4m. A large part of these provisions are related to finance house business in North America, much of which is tied to fixed-rate lending.

Barclays refused to quantify its exposure to Eastern European debt, but Mr Peter Leslie, a senior general manager at Barclays International, said he expected to see Romanian debt rescheduling negotiated in the first half of this year. Barclays' 1981 provisions for Polish debt are believed to be between £7m and £8m.

The domestic performance was well compensated for by a 34.8 per cent rise in the international division profits to £242.5m.

A particular fillip came from North America.

Barclays International's contribution to group profits for 1981 rose to 39.3 per cent from just under a third in 1980.

Profits from Barclays Mer-

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France approves £500m Channel electricity link

BY RAY DAFTER, ENERGY EDITOR

FRANCE HAS given the final go-ahead for its part in a £500m cross-Channel power link which will allow UK and French authorities to swap electricity supplies.

The French Government has told Electricite de France it can proceed with the scheme, which will involve the laying of eight cables to carry a total of 2,000 MW between Bonningnes-le-Calais and Sellindge in Kent.

In the UK the Central Electricity Generating Board, which has so far received Government authorisation to spend half of its £258m share of the cost, expects to obtain outright consent for the ambitious project.

The link, due to be ready in 1985, will have a capacity equivalent to a large UK power station. Hundreds of jobs are being created or secured as a result of the project.

For instance, Pirelli General Cables which won a £30m contract to supply two pairs of cables, is building a new factory at Southampton to undertake the work. It will be the first UK factory able to produce long lengths of supertension submarine power cable.

Pirelli expects to create some 100 new jobs in Southampton when manufacturing begins next year. In the meantime building work is providing jobs for about 70 construction workers.

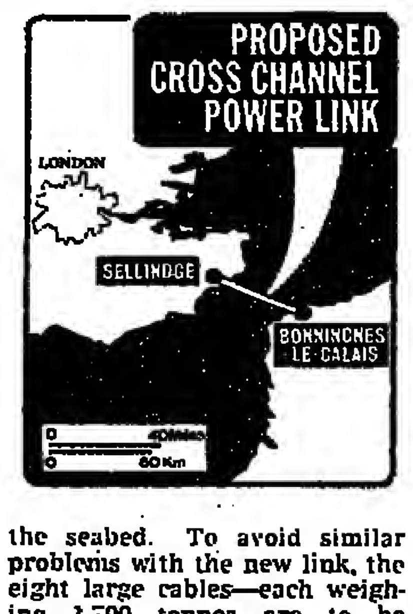
Switchgear companies of GEC Power Engineering, which have won contracts worth £77m, say that the jobs of hundreds of people are being safeguarded by work on the power link.

The electrical connection will provide the largest direct current power transfer by cable so far attempted in the world, according to the CEGB. It will help to secure the supplies of both EdF and the CEGB. Each corporation aims to take advantage of periods of relatively cheaper production costs in either country.

Initially the CEGB will supply France with electricity during winter nights and receive reciprocal supplies during the day-time in the summer. In addition the CEGB and EdF will trade on a day-by-day basis when there are cost advantages.

Profits from the operation are to be shared between the two authorities.

A cross-Channel power link is not new; a small one—of 160 MW—has been in operation since 1961. During the past 20 years Anglo-French supplies have been repeatedly interrupted as a result of ships' anchors fouling cables laid on



the seabed. To avoid similar problems with the new link, the eight large cables—each weighing 1,700 tonnes—are to be buried 4½ feet deep in the seabed.

This cable-laying operation has prompted the development of new technology. About £7m has been spent by the CEGB and contractors on developing and proving machinery for laying and burying the cables. Offshore trials have been taking place over the past three years.

As a result of these tests two special machines have been developed: a trench-cutter made by Land and Marine Engineering, and a cable-layer manufactured by Balfour Kilpatrick.

Initial agreements for the link were signed by Mr Glyn England, chairman of the CEGB, and M Charles Chevrier, director-general of EdF in Paris in June last year. It followed a period of protracted opposition to the siting of a converter station at Sellindge, near Folkestone.

The Anti-Converter Station Group objected to the environmental intrusion it expected from the large building required to convert alternating current into direct current as it enters the submarine cables and direct current into alternating current as electricity arrives from France. The protest group wanted the converted station built instead at Dungeness—already the site of two power stations. But the CEGB received planning permisison

BNOC price rise proposal expected, Page 6

£ in New York

—	Feb. 26	previous
Spot	$1.8145-8175	$1.8280-8295
1 month	0.10-0.15 pm	0.04-0.09 pm
3 months	0.56-0.61 pm	0.45-0.50 pm
12 months	2.15-2.25p.m.	1.90-2.10 pm

Soccer with a lotta bottle

BY ALAN FORREST

THE Football League wilting under the pressure of falling gates and rising costs, received an injection of milk yesterday — £2m sponsorship from the National Dairy Council.

The council is to sponsor the Football League Cup competition for the next four years —five finals, including this year's between Tottenham and Liverpool at Wembley on March 13. The competition is expected to be renafed the Milk Cup.

It is the biggest sponsorship deal ever signed in British sport—£2m over five years as against Cornhill Insurance's £1m over four years for Test cricket.

Delayed

The deal was agreed after talks between the Football League and Sir Stephen Roberts, chairman of the Milk Marketing Board. It was near completion when Football League club chairmen held their recent seminar at Solihull in an attempt to find an answer to the ecomonic problems of soccer, but an announcement was delayed until final problems had been ironed out.

The National Dairy Council said last night: "Just exactly how the scheme will work out will be the subject of further discussions."

The council is no newcomer to sport. The Cyclists' Tour of Britain, now the Milk Race, is approaching its 25th anniversary and the council is also sponsoring the English Schools Athletics Association.

This shot in the arm for the League Cup will be welcomed by football enthusiasts.

Marginal

It may give only marginal help to embattled clubs immediately but both the Football League and Dairy Council maintain that there will be spin-offs to benefit everybody eventually.

More clubs are meanwhile reported to be in financial difficulty. Yesterday it emerged that Fourth Division Halifax Town was up for sale and could be closed within a month.

Last week, Hull City another Fourth Division club, with debts of £225,000, called in a receiver and is now up for sale. Wolverhampton Wanderers, one of the great names in football, is under pressure for its bank interest charges.

Ford contract may prompt more agreements in U.S. industry

BY PAUL BETTS IN NEW YORK

A SERIES of significant labour contract settlements between U.S. unions and industry could be in prospect after the overwhelming approval at the weekend by Ford Motor Company union members of a new 2½ year contract.

The Ford workers have made major concessions on wages which are expected to save the company as much as $1bn (£550m) during the next 30 months. The management agreed to a package of job security measures and a profit sharing plan.

General Motors and the United Auto Workers union (UAW) are expected to resume negotiations shortly on a new labour contract. This follows signals from the company that it is willing to reopen discussions.

The company—the biggest U.S. car maker—and the union failed earlier this year to agree on a new contract involving labour concessions in return for GM lowering the sticker price on its cars.

The Ford contract was approved by more than 70 per cent of the company's union workers. The final vote was 43,683 in favour and 15,933 against.

Mr Douglas Fraser, the UAW president, said he was "extremely pleased at the majority ratification."

He added: "It is clear evidence that our members at Ford understood and supported the historic breakthrough contained in the agreement, which leads to greater security for themselves and their families."


Douglas Fraser: historic breakthrough

The concessions include deferment for nine months of cost-of-living increases, no annual wage increases this year and an agreement by the workers to forgo six days of paid leave.

In return, Ford has agreed to expand lay-off benefits, guaranteed an income for workers with more than 15 years seniority if they are laid off, a number of commitments on how future plant closures are made and a profit-sharing plan.

On the heels of the Ford agreement, members of the Teamsters Union overwhelmingly approved in principle yesterday a labour contract for the U.S. trucking industry. The contract is expected to include a wage freeze and deferment of cost of living increases.

Details of the agreement are expected to be released in the next 24 hours.

Mr Roy Williams, president of the Teamsters, said yesterday the agreement "protects Teamster jobs while hopefully restoring losses caused by deregulation of the trucking industry."

He said the members approved the agreement by a majority of nearly two-thirds.

Meanwhile, Pan American Airways, the troubled U.S. carrier, which reported operating losses of more than $300m last year, averted a strike by its flight attendants yesterday with an agreement on a new three-year contract with the Flight Attendants Union.

Although the contract still has to be ratified by Pan Am's 4,800 Flight Attendant Union members, the company said the agreement was important for its survival. Pan Am gave no details of the agreement.

The latest spate of contract settlements is likely to lead to a renewed push on the part of International Harvester, the financially troubled farm machinery company, to secure some $100m in concessions from the United Auto Workers Union.

Deadlock on Japan project with Iran

By Richard C. Hanson in Tokyo

IRANIAN and Japanese partners in the ill-fated Iran-Japan petrochemical venture at Bandar Khomeini have ended another frustrating round of talks apparently no closer to agreement on its future.

The deadlock comes as the main Japanese members of the Iran Chemical Development Corporation (ICDC)—the partner in the Iran-Japan Petrochemical Company (IJPC)—are being obliged to pay out of their own pockets Y5.1bn (£11.8m) due to Japanese banks from IJPC.

IJPC on Saturday failed to pay interest and (for the first time) principal due on a Y125bn loan extended through the Tokyo-based ICDC to finance the petrochemical complex.

The five Japanese companies most heavily involved in ICDC have guaranteed the loans made to IJPC. Mitsui and Company said yesterday that they had no details on why IJPC, half-owned by the Iranian Government, failed to make the payment.

A delegation from ICDC was scheduled to report back in Tokyo late yesterday following the talks in Tehran. This was the third round of discussions held since ICDC decided last April to stop giving financial assistance to the project.

The two sides are deadlocked among other things over the issue of Iran taking up full financial responsibility for completing the complex. Work stopped when the Iran-Iraq war broke out in September 1980.

Last month the Iranian Government paid, on schedule, an instalment totalling Y12.4bn on loans for the project.

Chinese steel mill agreement re-negotiated

By Tony Walker in Peking

CHINA and the West German Schloemann-Siemag company have renegotiated an agreement for the supply of a $460m (£254m) steel mill to the ill-fated Baoshan project near Shanghai.

In Peking yesterday, the two sides agreed to a three-year postponement on the delivery of a giant cold strip rolling mill by Schloemann-Siemag. Such a move was considered likely following a tentative agreement between German and Chinese authorities last autumn.

REAGAN MOVE BRIGHTENS OUTLOOK

S. Africa-U.S. trade likely to grow

BY BERNARD SIMON IN JOHANNESBURG

U.S. TRADE with South Africa is expected to increase significantly in the wake of the Reagan Administration's decision to relax a four-year ban on non-military sales of U.S.-origin goods and technology to the South African defence force, police and several other "sensitive" customers.

The embargo, imposed by former President Jimmy Carter after the death in police custody of the Black Consciousness leader Mr Steve Biko and a wave of "bannings" of prominent dissidents, is estimated to have cost U.S. companies several hundred million dollars in lost sales.

Mr Richard Ferris, vice-president of the American Chamber of Commerce in South Africa and managing director of Eastman Kodak's local subsidiary, said yesterday that the relaxation "could have a substantial effect on U.S. business." Kodak will "go for whatever business is available," he added.

Local subsidiaries of U.S. companies are to meet American diplomats later this week to seek full clarification of the extent to which the embargo has been eased. It appears, however, that they will now be free to sell all articles not used for direct military purposes.

The computer, motor vehicle, office equipment and photographic industries have been particularly hard-hit by the ban. Several American companies were major suppliers to the defence force, police and nuclear authorities prior to the embargo.

The indirect effects of the restriction have been as harmful to the companies has the ban itself.

Several government departments not covered by the curbs refused to deal with U.S. suppliers as a political gesture, while competitors from other countries were quick to warn customers that the embargo might to extended to other sectors.

A spokesman for IBM in Johannesburg confirmed that "there is no question that we have lost business." The company is not yet sure whether it will be allowed to resume sales of mainframe computers to "sensitive" bodies, but expects that orders for typewriters and photocopiers will now be permitted.

U.S. executives are concerned that the damage of the past four years will be difficult to undo. Mr Rod Ironside, director of General Motors and president of the American Chamber of Commerce, said that "trying to recover these markets will be very difficult indeed."

The restrictions have not prevented a surge in trade between the two countries in recent years. South African imports from the U.S. jumped by 43 per cent in the first nine months of last year, compared to the same period of 1980.

The U.S. has displaced Britain as South Africa's leading trade partner.

The most important goods supplied by the U.S. include chemicals, aircraft, construction and mining equipment, and office products.

Congress set to act on services

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

THE U.S. Congress is likely to pass a Trade in Services Act this year, according to Mr Ronald Shelp, the chairman of President Reagan's Service Industry Advisory Committee.

Passage of the Act would at once signal the U.S. determination to bring services into the international trade negotiating arena, starting at the ministerial conference of the General Agreement on Tariffs and Trade next November, and acknowledge Services as the biggest sector in the U.S. economy.

The legislation, which has been prepared in consultation with the Reagan Administration, seeks to encourage the international growth of trade in services, reduce barriers to it and to integrate the services sector into U.S. economic policy.

At the same time, the legislation aims to improve co-operation between different U.S. government agencies at both Federal and state level, thus addressing a problem which had worried European industry, concerned about the competence of the Administration to negotiate on the issue.

Speaking in London yesterday, Mr Shelp said that one factor lifting services up the scale of U.S. policy priorities had been mounting protectionism abroad as American companies had sought to expand.

The Administration hopes that the Gatt conference will set off a work programme leading to international negotiations in services in the second half of the decade.

U.S. thinking, mirrored in a study* by Mr Shelp just released in London, looks towards a set of principles for services trade similar to that provided for goods in the Gatt.

The main principle would be non-discrimination, building on the codes produced for non-tariff barriers that emerged from the Tokyo Round of multilateral trade negotiations in the 1970s.

**Beyond Industrialisation: Ascendancy of the Global Service Economy by Ronald Kent Shelp. Praeger Special Studies, New York; £15.25.*

Australian LNG exports to Japan hit snag

By Patricia Newby in Canberra

THE OPERATORS of Australia's biggest resource project, the North-West Shelf Natural Gas Development in Western Australia, have confirmed a year's delay in the starting date of exports of liquefied natural gas (LNG) to Japan.

Woodside, the North-West Shelf consortium leader, said the rapidly changing economic climate in Australia and Japan meant the target for the start of LNG deliveries to Japan had been put back to April 1987.

The North-West Shelf partners initialled an agreement last July with eight Japanese utilities for supply of 6m cu metres of LNG a year for 19 years.

As a result of the delay in the start of exports, Woodside announced yesterday the rescheduling of the building time for the project's LNG plant at Withnell in the far north of Western Australia.

The rescheduling of the LNG plant follows a recent decision by the North-West Shelf partners to defer for up to a year the building of the North Rankin B production platform.

This is the second of the project's drilling platforms. The first will be used exclusively for production of gas for Western Australia.

Woodside said the participants in the project and the LNG buyers have emphasised that the rescheduling of LNG deliveries in no way indicates a lessening of their intention to bring the LNG project to fruition.

Efta seeks freer EEC trade

BY BRIJ KHINDARIA IN GENEVA

MEMBERS OF the seven-nation European Free Trade Association (Efta) are seeking talks with the Common Market to reduce non-tariff barriers to trade within Western Europe.

Efta countries have told the Community they are particularly interested in exchanging information on technical standards which might act as obstacles to free trade.

The Community is already working on harmonisation of national technical standards among its 10 member countries, and some Efta nations fear their products might no longer find their way into Community markets. Existing free trade agreements between Efta members and the EEC ensure removal of tariff barriers but not of non-tariff barriers to trade.

Under a proposal from the Community's executive commission, EEC members are asked to give information on national technical standards to two European standards organisations—the CEN and Cenelec—which analyse the information to prevent the standards from becoming barriers to trade within the Community.

All Efta countries also belong to the two organisations and would like to be included in the Community's plans to harmonise technical standards.

Several problems remain to be settled before an exchange of criteria for giving notice of work on standards to prevent inundation of CEN and Cenelec with an unmanageable flow of data.

A major separate problem between Efta and Community countries stems from stern rules of origin imposed on imports from Efta countries.

The Community applies the rules to prevent Third World countreis from using Efta members as a backdoor to EEC markets. Efta countries say the rules are too complicated and should be simplified.

Several Efta countries are also concerned about the increasing use of state aids within the Community to bolster ailing industries such as the steel-making sector.

European steelmakers face probe

In a further move against European steel imports, Mr William Brock, the U.S. Trade Representative, yesterday announced that his office was to investigate allegations that five European countries, including the UK, were subsidising special steel shipped to the U.S. market, writes Reginald Dale in Washington. The other four countries are France, Italy, Sweden and Austria.

The move followed a petition filed on December 2 by the American Tool and Stainless Steel Industry Committee and the United Steelworkers of America, alleging that subsidies by seven countries were inconsistent with the subsidies code of the General Agreement on Tariffs and Trade.

The Trade Representative's office rejected the allegations against Belgium on the grounds that the company cited did not export speciality steel to the U.S., and Brazil because the country was continuing to meet agreed obligations to phase out subsidies.

The office must report to President Ronald Reagan by October 26.

Draft evaders face prosecution

NEARLY 1m American men between the ages of 18 and 21 theoretically face five years' imprisonment as of yesterday morning following the expiry of the draft registration scheme introduced in 1980 by President Jimmer Carter, writes Anatole Kaletsky in Washington.

According to the Selective Service System, which organises the draft registration, about 927,000 of the 8m men in the age group who should have registered have failed to do so. In addition, about 1m others have failed to notify the service of changes of address, thus also rendering themselves liable to prosecution.

Insider talks

Swiss and U.S. officials have begun consultative talks on how to bar "insiders" from making easy stock market gains in violation of U.S. laws and then taking shelter behind Swiss banking secrecy, AP reports from Berne.

El Salvador call

One of the leaders of the Democratic Revolutionary Front in El Salvador yesterday renewed a call for the formation of a "broad-based government" to lead the country to an orderly return to constitutional rule.

Sr Guillermo Ungo said he was willing to sit down with President José Napoleon Duarte to seek the formation of such a government, but he doubted that it was possible now.

Oil rig inquiry

The Canadian and Newfoundland governments have agreed to a joint investigation into the sinking last month of the oil rig Ocean Ranger, with the loss of 84 lives, writes Victor Mackie in Ottawa.

Chief Justice T. Alexander Hickman of the Newfoundland Supreme Court will chair the six-member joint com-

U.S. computer companies propose joint research

BY OUR NEW YORK CORRESPONDENT

SEVERAL major U.S. computer and semiconductor companies are discussing a joint research and development venture similar to the government-sponsored high technology collectives in Japan.

The proposal for broad collaboration between U.S. high technology companies was made at an informal meeting in Orlando, Florida, organised by Control Data Corporation. It was attended by 16 of the country's leading electronics companies, including Burroughs, Sperry, Honeywell, Xerox, Motorola and Texas Instruments.

Although joint co-operation has been discussed in the past by U.S. electronics companies, an official of one of the companies present at the Florida meeting said nothing had ever taken place on such a scale.

The meeting was prompted by growing concern among U.S. groups over Japanese competition.

The idea of the collective effort is to rationalise research. The companies involved currently spend more than $1bn (£550m) on research and development each year.

Although discussions are still at a preliminary stage, the companies believe that a co-operative proposal stands a better chance of U.S. Government approval than efforts in the past.

The proposal would probably raise anti-trust objections. But an official of one of the companies said the U.S. anti-trust climate had now changed to make such a venture possible.

The recent settlements between the U.S. Justice Department and American Telephone and Telegraph and International Business Machines reflected a new approach by the Government to anti-trust application in the high technology sector, he said.

Jordan arms request may come earlier than hoped

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

THE REAGAN Administration is likely to face a difficult decision on whether to supply advanced weapons to Jordan earlier than it had hoped.

King Hussein of Jordan said at the weekend that his country would ask for U.S. arms at a meeting of the joint U.S.-Jordan military commission "in the near future." The Pentagon said no firm date had been set for the meeting, but it was likely to be next month.

Last week U.S. officials said they thought that the request—which is strongly opposed by Israel—would not come until later in the year. This would have allowed the Administration to put off the politically sensitive issue until after the November mid-term elections.

King Hussein did not specify the sort of weapons he would seek, saying only that his country was slipping behind in the Middle East arms race. It is generally assumed that he will ask for mobile Hawk anti-aircraft missiles and possibly advanced fighters—probably the General Dynamics F-16.

Reports last month that Mr Caspar Weinberger, the Defence Secretary, would favour the sale of such weapons created an uproar in Israel. The Knesset (Parliament) overwhelmingly approved a resolution condemning any such deal.

Mr Menahem Begin, the Israeli Prime Minister, said President Ronald Reagan would be breaking a "categorical" promise he made in September to maintain Israel's quantitative and qualitative military superiority in the Middle East if the deal went ahead.

While the deal would be bitterly opposed by the powerful U.S. Israeli lobby—as was last autumn's sale of airborne warning and control systems (Awacs)—to Saudi Arabia—the King said he detected a "new atmosphere" of acceptance in Washington of his country's needs.

The U.S. is taking steps to combat Japan's semiconductor threat, **Louise Kehoe** reports

Move to industry-wide co-operation

AS A NEW round of bilateral trade negotiations opens between the U.S. and Japan, the U.S. electronics industry is making it clear it does not intend to give up its dominant world market position without a fight.

Aiming to combat increasing competition from Japan, U.S. computer and semiconductor chip manufacturers are planning jointly funded research and development ventures.

At a recent meeting in Florida, top executives of 20 leading U.S. corporations in computer and chip manufacturing met to discuss proposals put forward by Control Data Corporation for the formation of "microelectronics and computer technology enterprises."

Such a corporation would engage in research and product development activities on behalf of its shareholders—U.S.-based electronics companies.

For the U.S. electronics industry, steeped in free market principles of competition, such a co-operative venture would be revolutionary.

Licensing and joint product development agreements between individual U.S. companies are common, especially in the semiconductor industry, but these normally cover only a particular product line.

The first move towards industry-wide co-operation came from a recent initiative by the Semiconductor Industry Association, which represents most U.S. chip makers.

The SIA has set up a fund to pay for basic research to be conducted at U.S. universities. Although Control Data is supporting this "semiconductor research co-operative," it does not go far enough towards solving the industry problems, according to Mr William Norris, Control Data chairman.

"In Japan, a government-led effort is focusing substantial resources and organisational capacity on a programme to replace the U.S. as the world leader in computing and microelectronics," Mr Norris said.

"The U.S. government and others with a stake in U.S. participation in the market for computing and micro-electronics must recognise that the U.S. cannot afford to allow the present unco-ordinated approach in this field to continue," he added.

The U.S. computer industry has been made uncomfortably aware of the Japanese drive to become a major competitor in the world computer market following the recent announcement of the "fifth generation computer project" in Japan.

This is a Japanese Government sponsored effort that aims to develop a new class of mainframe computers to spearhead Japanese companies into the world market.

A more immediate threat to U.S. computer makers comes, however, from the failure of U.S. chip manufacturers to keep up with Japanese suppliers. Already Japanese semiconductor manufacturers have acquired 70 per cent of the world market for "64-K RAMs" the random access memory chips that are used to build computer data stores.

While U.S. computer manufacturers are currently buying most of their memory chips from Japan, they are uncomfortable with the situation. By buying Japanese, they are effectively supporting their own competitors.

Ironically, however, while complaining about Japanese incursion into their markets, and their lack of access to the Japanese marketplace, U.S. computer manufacturers are among Japan's best customers.

Expanded co-operative research and development is needed, said Mr Norris, because of the combined problems of external threats to U.S. pre-eminence, the rising costs of research and development, and the chronic shortage of electronics engineers in the U.S.

"The Japanese threat is a symptom of these problems," he told the Florida meeting.

The exact form any joint venture, or ventures, might take has yet to be decided.

For the moment, however, participants at the meeting are being cautious, as the legal implications of their plans are as yet untested.

Recent reports from Washington suggest the U.S. Government may be preparing to take steps to protect the computer and semiconductor industries, which it recognises as a strategic resource, by limiting the imports of Japanese 64K RAMs.

Fed monetary policy held to blame for recession in U.S.

BY ANATOLE KALETSKY IN WASHINGTON

INFLATION IS bad, productivity is good, Paul Volcker is responsible for the U.S. recession. Some things are so obvious that even economists and politicians can agree about them.

This week the Joint Economic Committee (JEC) of the U.S. Congress published its 500-page annual report on the Reagan Administration's economic policy. The two halves, written separately by the committee Republican and Democratic members, might have been about different countries were it not for one central point of agreement: the Federal Reserve monetary policy is mainly to blame for the present recession.

That may not be too serious as far as the Republicans are concerned. They consider that "the recession of 1981 was due to the rapid monetary growth the Fed engineered in the second half of 1980, and to the inflation, high interest rates and financial problems that high occurred in the spring and summer of 1981."

But they loyally see President Reagan's economic policy beginning to come good in the near future despite the Fed's clumsiness and confine their criticisms to marginal issues.

The Democrats, however, have used their half of the JEC report to launch perhaps the most comprehensive attack yet attempted on Reaganomics and to lay out a 35-point alternative policy which may become their major rallying point in the approaching battles over the 1983 budget and the campaign for the November Congressional elections.

The Democrats' alternative strategy is centred on a relaxation of what they call the present "super tight" monetary targets, coupled with a deferral of the 1983 tax cut at least cherished political independ- ary situation becomes clearer. This "act of fiscal responsibility" would calm fears about pros-


Paul Volcker: awkward monetary targets

rapid reduction of interest rates.

This would be further reinforced by some direction of bank lending away from "unproductive purposes" such as mobile finance.

In the longer term the Democrats would aim not only for the obligatory "restrained" monetary policy and a fiscal policy which would "close the budget deficit." In addition, they also declare themselves in favour of, among other things, an incomes policy, an industrial policy aimed at encouraging "catalyst" industries such as semiconductors and even of a policy of exhorting American managers to adopt the attitudes and practices of their counterparts in Japan and Europe.

The solid core of the Democrat's proposals, however, is macroeconomics not managerial theory. Interest rates have to be cut sharply, not just in nominal terms as President Reagan promises, but also in real terms. Not least this is necessary because of the international dislocation which a U.S.-led "interest rate war" has been producing.

The Democrats do not want monetary targets abolished


Donald Regan: new line of criticism

suggest that the Fed must improve the quality of its figures, explain how monetary targets should be varied in response to shocks such as oil crises and, clarify the effects of closer co-ordination between fiscal monetary and micro economic policies (with a veiled threat against the Fed's until the economic and budget-dence).

The main accusation the Democrats have against the Fed is that, with the Administration's undisguised blessing, it has persistently biased its policies towards under shooting its targets. Periods of excessive growth in money supply have been rapidly and savagely repressed while periods of slow or negative growth have been allowed to continue unchecked.

The Administration's own recent criticism of the Fed, attributing high interest rates not to the low level but the volatility of monetary growth, is derided as so disingenuous as to be "breathtaking." The theory, put forward by Mr Donald Regan, the Treasury Secretary, last month, was "an entirely new line of criticism drawn from a ...

the Democrats claimed.

The Fed should aim for monetary growth of about 6 per cent in 1982, they believe, instead of leaving open the possibility of growth as low as 2.5 per cent specified in the present monetary target range. Such a low level of growth would result in a total increase of only about 2 per cent in the "shift adjusted M1" monetary measure which the Fed mainly follows, over a period of two years.

The mystery about the Democrats' whole strategy is why they should want to tie themselves even to a 6 per cent monetary constraint. After all, they reject the idea that unemployment can be used to reduce inflation in the long run.

They also show that 91 per cent of the decline in inflation between 1980 and 1981 was due to reductions in energy and food prices, which are unconnected with monetary policy and housing costs, which much

Singapore may adopt new incentives to attract investors

BY KATHRYN DAVIES IN SINGAPORE

SINGAPORE'S Government, surprised by last week's scrapping of the tax on interest on foreign currency deposits in Hong Kong, will have to offer *new tax incentives* to attract business in the Asia dollar market, according to local bankers. It is thought Mr Lee Kuan-Yew's Government may introduce *new measures* in the budget, expected next week.

While some bankers do not expect a substantial movement of funds in the near future, noting that Chinese *speculators* in South-east Asia prefer to spread their risks throughout the region, there is general agreement that Hong Kong's decision to drop the 15 per cent withholding tax in its budget must place Singapore at a disadvantage.

The Crown colony's decision not to drop the tax in 1968 is largely held to have been responsible for Singapore's current superiority as a regional funding centre for offshore loans.

The Bank of America originally *persuaded the Singapore* Monetary Authority that the establishment of Asian Currency Units (ACUs) by banks in Singapore could play a major part in the establishment of the republic as a financial centre.

Latest figures issued by the monetary authority indicate that the ACU market in bank loans outstanding reached S$84bn at the end of last year, up by more than 50 per cent from 1980.

The Hong Kong move has undoubtedly caught Singapore by surprise, but the republic appears to have ample opportunity to make fiscal adjustments. Mr Tony Tan, the Trade and Industry Minister, is about to introduce his budget.

Meanwhile, in its annual pre-budget economic review, the Singapore Trade and Industry Ministry has noted a significant change in the factors fuelling economic growth. The report, released yesterday, reveals that, for the first time, domestic factors provided as important an impetus as external factors.

Previously more than 75 per cent of Singapore's gross domestic product S$25.2bn (£6.49bn) in 1981—was generated externally. Increased *capital expenditure by the private* sector on building and construction and on a high rate of investment in machinery and equipment appears to have altered this.

Although foreign investments still dominated manufacturing industry last year, domestic investors increased their share from 14 per cent in 1979 to 31 per cent in 1980, committing a total of S$610m. New investment commitments from both foreign and local sources increased from S$1.4bn in 1980 to S$1.9bn in 1981. Total actual *foreign investment in fixed* assets in Singapore's manufacturing sector reached S$8bn by June last year, up 16 per cent over the same period in the previous year.

All sectors of the economy, except construction, grew more slowly last year. The financial and business services sector recorded the best performance, with an increase of 18 per cent over the previous year. Manufacturing grew by 10 per cent, led by ship repairing and oil rig construction.

Japan overtook Malaysia as Singapore's largest trading partner, chiefly because of increased sales of refined petroleum products to Tokyo.

S. Africa's crash fuel programme falls short

By Quentin Peel, Africa Editor

SOUTH AFRICA'S crash programme to cut oil imports—for fear of an international oil embargo — is likely to fall well short of official claims that it will replace nearly 50 per cent of fuel consumption, according to a new assessment published yesterday.

Sasol, the synthetic oil-*from-coal producer which re*presents the South African Government's first line of defence, will only be capable of producing some 68,000 barrels a day of refined product, compared with previous estimates of more than 100,000 b/d, according to the latest issue of the Petroleum Economist.

Sasol production is being massively expanded through a $5.9bn programme for the building of two new plants at Sekunda in the eastern Transvaal. The official claim *is that they will provide* 47 per cent of South Africa's fuel needs at the 1978 level.

The calculation of Sasol's potential is based on official figures for the three plants' coal consumption, converted according to technical estimates of the potential yield of the Lurgi gasification and Synthol synthesis processes. It suggests that 1,000 tonnes of coal will produce 800,000 to 900,000 cu metres of gas, while synthesis will produce 118 tonnes of useful product from each 1m cu metre of gas.

On that basis, Sasol 1 is currently producing some 4,250 b/d of product from 2m tonnes of coal a year. Sasol 2, which should be in full production by the end of the year, will produce some 31,000 b/d from 14.6m tonnes of coal, and Sasol 3, to achieve full design output *will produce some 32,750 b/d.*

Estimates of South Africa's total oil consumption are open to doubt, because of the strict secrecy law affecting all oil purchases. Petroleum Economist puts the level at 320,000 b/d of crude, although other estimates have been as low as 250,000 b/d (the difference may partly be *accounted for by* stockpiling).

Rebels ready to form new white party

By J. D. F. Jones in Johannesburg

A NEW and ultra-conservative South African Parliamentary party seems certain to result from tomorrow's caucus meeting of the ruling National Party in Cape Town.

Up to 18 of the MPs who last week rebelled against the Prime Minister, Mr P. W. Botha, are likely to be expelled from the National Party and their leaders, Dr Andries Treurnicht and Dr Ferdi Hartzenberg, expelled from the Cabinet if they have not resigned before.

Dr Treurnicht, who was heavily defeated *last* Saturday in his own Transvaal branch after a dramatic intervention by the Prime Minister, has since said that he is "finished with the National Party" and that he would not even attend tomorrow's caucus.

Meanwhile, the existing right-wing parties have started their approaches to Dr Treurnicht's group. Mr Jaap Marais, the leader of the extreme-right Herstigte Nasionale Party, which polled 200,000 votes in last April's election but failed to win a Parliamentary seat, has made it clear he is prepared to talk future strategy.

The leader of the National Conservative Party, the for*mer Cabinet Minister*, Dr Connie Mulder, told a Press conference yesterday that the issue of "power sharing" marked a fundamental divide in white South African politics.

It was the Prime Minister's advocacy of "healthy" power sharing between whites and (mixed race) Coloureds which led to the revolt in last week's caucus.

Alain Cass, recently in Bangkok, assesses efforts to counter Hanoi's gains in S. E. Asia

Asean in disarray over Kampuchea

EFFORTS TO BUILD a coalition of Kampuchean groups to confront the Vietnamese and, ultimately, to negotiate the withdrawal of Vietnamese troops from Kampuchea, are in disarray.

Talks which began last week in Peking, aimed at rebuilding the three-way coalition that was painstakingly built up last year by the five member states of ASEAN, the Association of South East Asian Nations grouping Singapore, Malaysia, Thailand, Indonesia and the Philippines, seem set to fail.

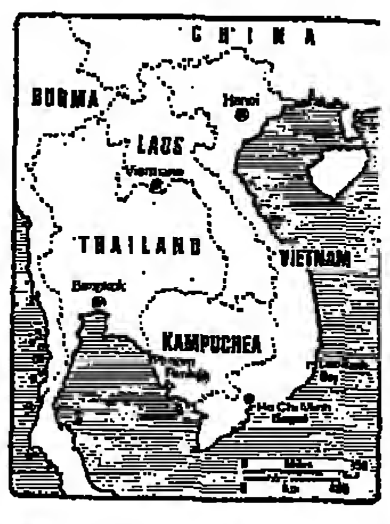
The Peking talks were probably doomed from the start. Agreement was reached between two of the three groups intended to make up the coalition—the Khmer Rouge and Prince Norodom Sihanouk's "Moulinaka"—but the third group, *the non-communist* KPNLF, led by Son Sann, a former Kampuchean Prime Minister, boycotted the talks, seriously undermining their value.

At the same time, any coalition hatched in China—seen as public enemy number one by the Vietnamese—would inevitably be unacceptable to Hanoi and the Vietnamese-backed Heng Samrin regime in Phnom Penh.

The next few weeks are likely to prove crucial. Differences of approach between the ASEAN members *on how the conflict in* Indochina can be resolved are becoming more pronounced and are putting the group's unity under strain.

Singapore, current chairman of ASEAN's standing committee, is working on a new set of proposals. The key to these remains the idea of a loose coalition of Khmer groups *which will preserve the identity* of each group.

The hope is that these will clinch a coalition before next June's ASEAN Foreign Ministers' meeting in Singapore. This could then be followed by a full ASEAN summit. President Marcos of the Philippines is understood to be sounding out other ASEAN leaders on the possibility of such a meeting in his country in the middle of the year.



Mr Son Sann, right, who is resisting pressure to join a coalition to confront the Government of Mr Heng Samrin, left

ASEAN and the West see the creation of a broadly-based coalition as vital. First, it would secure more widespread support at the UN. The Khmer Rouge, who still formally represent the Kampuchean people in the UN, are abhorred for the *atrocities they committed while* ruling in Kampuchea between 1975-79. Secondly, a coalition would allow the military and political strength of the non-Communist Khmer groups to be built up.

Thus, ASEAN officials argue, the West could more easily justify support for the coalition, including military support. It *may also make it easier* in the long run to negotiate a settlement with the Vietnamese.

The idea of a deal between Hanoi and Heng Samrin and Son Sann has been secretly suggested to the Vietnamese by Indonesia. Although it was rejected on the grounds that Son Sann is non-Communist, many ASEAN and Western officials feel it offers the only hope of a "historic compromise" with Hanoi.

The obstacles to such a coalition have so far been the Khmer Rouge's insistence that such a government-in-exile be dominated by them and have a detailed political programme. China, which sees the Khmer Rouge as the only group strong *enough to drive the Vietnamese* out of Kampuchea, has played a key role in stiffening their opposition.

Singapore, which has a flourishing small arms industry of its own, would like Asean to increase the flow of arms to the non-Communists. "But we can only do this," said one Minister, "once Sihanouk and Son Sann *are backed by* the legitimacy of a UN seat."

The Khmer Rouge are probably aware of the desire of some Asean states to ditch them eventually and are understandably keen to prevent this as they negotiate terms for a coalition.

"In the end" said one of Asean's more experienced ministers "the problem comes down to what you do about the Khmer Rouge. Nobody likes them and the thought of having them back in power is horrifying. But *we can't do without them for the time being.*"

The policy of building up the other factions, however small these may be, runs the risk of further instability. Son Sann hates the Khmer Rouge probably more than he hates the Vietnamese, explained one diplomat, and in the long run a civil war between them would *be inevitable.*

The failure to reach agreement on a coalition has underscored the differences that exist between Asean members *over perceived military threats* to the region. Indonesia, Malaysia and the Philippines ultimately see Chinese nationalism led from Peking as the greater threat. Thailand and Singapore are more concerned about Vietnam and the Russians.

The military situation on the Thai border with Kampuchia has steadily deteriorated since the Vietnamese invasion in 1979. While the chances of a full-blown conflict remain slim, there has been a significant build-up in the sensitive border regions.

There is also evidence, for the first time, that forces from neighbouring Laos have been drafted to fight alongside the Vietnamese in Kampuchia.

All this has been underlined by a greater Soviet presence in the area. Listening bases in Vietnam and Laos are significant additions to the Soviet Union's strategic capabilities. The Kremlin is also stepping up naval activities out of bases in Vietnam for control of the sea lanes between the Indian Ocean and the Pacific.

They have also been moving into direct relationships with Laos and Kampuchia, something which Hanoi has never tolerated in the past.

Meanwhile, Asean and the Chinese agree on two things. The first is the need to get most if not all of Vietnam's 200,000 troops out of Kampuchea. The second is that ultimately an Indochina dominated by Vietnam will have to evolve a working relationship *with its non-Communist neighbours.* But many observers feel these developments will be a long time in the making. Hanoi, as one diplomat put it, needs time to feel more confident of its hold over Kampuchea.

The problem with this is that the longer a serious initiative takes to get off the ground, the greater the risk of a second conflict between China and Vietnam — the two ultimate arbiters of stability in the region. As always, Asean risks getting caught in between.

China's N-station delayed

By Kevin Rafferty in Hong Hong

PLANS TO build China's first nuclear power station are being held up in Peking because of an argument between Government departments.

The power station would be built in Guangdong province, neighbouring Hong Kong, and would consist of two linked 900Mw reactors. Much of the cost of about £2.2bn would be recovered by selling electricity to Hong Kong.

A joint feasibility study was produced at the end of 1980 by China Light and Power, the Hong Kong utility, and the Guangdong company, and it was thought that governmental approvals would be obtained in about a year.

Guangdong wants the project to go ahead, and the Ministry of Power in Peking is understood to be enthusiastic but the Second Machine Building Ministry is not so keen because *the plant* would have to be foreign built.

China faces an energy shortage and new power sources will have to be found if economic growth is to be achieved on the scale planned for. Some observers have questioned whether China should go ahead with a nuclear power station or, if it should, whether Guangdong is *the right place for it.*

The heavily industrialised North-east might be a better location, but then there would be no easy way of paying for the plant.

U.S.-Peking pledge

China and the U.S. have promised to overcome their differences and to uphold the principles of the Shanghai communique issued during former President Nixon's visit to China 10 years ago, Reuter reports from Peking.

The U.S. embassy and the Chinese Foreign Ministry yesterday released texts of letters exchanged between Premier Zhao Ziyang and President Reagan affirming their intention to further develop Sino-American relations.

Talks may ease way for Mubarak

By David Lennon in Tel Aviv

EGYPT'S Foreign Minister, Mr Kamal Hassan Ali, is expected to make an emergency trip to Israel next week in an attempt to smooth *over the row* developing between the two countries over the proposed visit to Israel of President Hosni Mubarak.

The Egyptian leader has made it clear that he is not prepared to include Jerusalem in the itinerary of his visit. Israel has replied that if he does not want to visit the capital, then it would be better if he did not come at all.

A senior aide to Mr Menahem Begin, the Prime Minister, said that if President Mubarak were to say that he would come to Israel but not to Jerusalem "it would bring about a crisis in relations and we do not want such a crisis."

Although Israel has taken a low key position on the issue, it is clear that the row could sour the atmosphere between the two countries in the run-up to the final Israeli withdrawal from Sinai in April.

Habib mission on ceasefire

By Our Tel Aviv Correspondent

U.S. EFFORTS to dissuade Israel from attacking the Palestinian forces in Lebanon intensified yesterday when Mr Philip Habib, the special U.S. presidential envoy, met Israeli leaders in Jerusalem.

An Israeli strike against the Palestinians appeared imminent several times last month and Washington has *evinced concern* about the obvious signs of a continuing Israeli desire to attack.

Mr Habib arrived from Beirut where he held talks with Lebanese leaders over the weekend. He reported to Mr Menahem Begin, the Prime Minister, on those talks which were designed to prevent a *breakdown of the ceasefire* he arranged last summer.

Fraser may open banking system

BY OUR CANBERRA CORRESPONDENT

AUSTRALIA'S Treasurer, Mr John Howard, indicated yesterday that he favoured opening the country's banking system to foreign competition rather than taxing the banks' so-called super profits.

Mr Howard's remarks were in response to an opposition suggestion that banks' high profits should be subject to a special tax. They are a clear indication that Mr Malcolm Fraser's Government is considering adopting a key recommendation of the recent Campbell inquiry into the financial system.

Mr Bill Hayden, the Labor leader, has called for a tax on bank profits similar to that operating in Britain. Bank profits have gone up by 230 per cent *in the past four years* and there is a great deal of anti-bank feeling at present because of high interest rates and the lack of funds for housing loans and small overdrafts.

Mr Howard admitted that by world banking standards Australian trading banks had made high profits in recent years.

Australia's five private enterprise banks merged recently to form three groups, a move interpreted as gearing up for foreign competition.

Mr Alistair Maitland, chief economist for the ANZ banking group, said yesterday, however, that bank interest rates should be deregulated before foreign banks were granted licences to operate in Australia.

The removal of controls on interest rates was another key recommendation of the Campbell inquiry, but one that is meeting with less Government enthusiasm because of the political sensitivity of interest rates on housing loans.

British Caledonian seeks special permit on ex-Laker route

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways has asked the Civil Aviation Authority for exemption from normal licensing procedures to start flying the Gatwick-Los Angeles route left vacant by the Laker Airways collapse.

Mr Adam Thomson, British Caledonian chairman, said yesterday it could take months before the CAA granted a licence to British Caledonian, or any new airline or company set up by Sir Freddie Laker, such as Brenpage.

In the interval, the British share of traffic on the route would drain away to the U.S. competition from Pan American and Trans World Airlines. There would be no British carrier from Gatwick, with only British Airways providing a service from Heathrow.

Mr Thomson described as a "charade" Sir Freddie's attempt to set up a People's Airline by forming Brenpage and seeking the transfer to it of the former Laker Airways' licences.

He said: "Laker Airways folded and left behind it a mass of debris and a lot of damage — hundreds of millions of pounds owed to banks, aircraft manufacurers and numerous small creditors, including passengers; and thousands of people without jobs.

"Yet we face the unbelievable situation where the CAA has under consideration, for a planned public hearing, applications from an instantly-formed, paper airline — with no Air Operator's Certificate and no facilities — for the transfer of Laker Airways' scheduled service licences.

"The result of this hearing could not possibly be determined until the end of the summer and this could effectively block the resumption of Britain's second service to Los Angeles until spring, 1983." Mr Thomson said.

He said the London-Los Angeles traffic was 610,000 passengers a year worth £146m in revenues. Of this, Laker Airways' share had been about 25 per cent. It was this that might be lost to Britain.

Mr Thomson said he had written to Sir Nigel Foulkes, CAA chairman, seeking a special temporary permit pending a decision on applications for formal air service licences.

British Caledonian could fly the Gatwick-Los Angeles route with its normal resources (that is, excluding the lease of two DC-10 jets from the Laker Receiver), starting from May 1. It might require some of Laker's redundant staff to fly the route.

Mr Thomson said that for the CAA to grant licence exemptions was not new. British Caledonian had used that system before.

● Gatwick is the world's fourth busiest international airport. Last year it handled 9.7m international passengers of a total of nearly 11m, and was only behind Heathrow (22.5m), Kennedy New York (13.3m) and Frankfurt (12m).

Ship-shore satellite links

BY OUR AEROSPACE CORRESPONDENT

COMMUNICATIONS between merchant ships at sea and the shore will now become easier with the commissioning of the European Marecs maritime communications satellite yesterday.

Built by a consortium of European companies for the European Space Agency, with British Aerospace Dynamics Group and the Marconi group as leaders, the satellite is being operated by the International Maritime Satellite (Inmarsat) organisation.

The first Marecs satellite is positioned over the Equator, and will serve ships in the busy North and South Atlantic oceans. In April, a second Marecs will be launched to provide a similar service to ships in the Pacific.

Move to tighten curbs on home services 'rogues'

BY DAVID CHURCHILL

POWERS to curb rogue traders who carry out faulty home improvements are being considered by the Office of Fair Trading.

The OFT is increasingly worried about "cowboy" operators in a wide range of home improvements, including roof insulation, double-glazing, plumbing, painting and decorating, and central heating.

The scale of the problem will be revealed by the OFT in a report which has taken two and a-half years to prepare, due to be published later this month.

The report is likely to emphasise that much has already been done by trade associations in the home improvement sector to improve the standards of workmanship and stamp out "cowboy" operators. Last year, for example, a code of practice for companies in the double-glazing market was introduced.

However, the report is likely to point out that such codes of practice are voluntary and do not cover all operators—especially the rogue companies.

The OFT, therefore, may consider pressing the Government for an amendment to the 1973 Fair Trading Act which would directly impose an obligation on companies to "trade fairly" with penalties, including fines, for those the OFT had reason to believe were operating against the interests of consumers.

New code urged on public sector purchasing

By John Elliott, Industrial Editor

A BID to improve the international competitiveness of the construction and allied industries by raising the standards required by the Government and other public-sector purchasing agencies has been launched by Mr John Stanley, Minister of Housing and Construction.

He plans to extend throughout the public sector a new approach to building and other standards adopted in the past year by the Department of the Environment's Property Services Agency.

The agency has a procurement budget of about £2bn a year, of which about £570m is spent on construction and £140m on furniture, fuel and other supplies.

Of the £570m on construction about 95 per cent is spent on British-manufactured goods. The proportion for other supplies is lower.

The public sector's total construction budget exceeds £10bn a year. It is this market that the Environment Department wants to bring under new standards.

This is part of a number of initiatives by the Government in the past two years to persuade buyers in both public and private sectors to "think British" and to build permanent relationships with UK suppliers.

In a policy paper yesterday Mr Stanley says: "The Government does not believe that public purchasing policy should simply consist of 'buying British'."

The aim was to use "positive public purchasing to strengthen and promote the competitive position of suppliers by bringing manufacturers and purchasers closer together for their mutual benefit."

The initiative was discussed by Mr Stanley last week with the National Economic Development Office's "Little Neddy" for building, and gained its support.

Public purchasers will be encouraged to make as much use as possible of British Standards and other quality assurance for low-quality imports not to be used unwittingly.

Mr Stanley said: "A standard may for instance be too loosely drawn, thereby admitting products not good enough to meet public purchasers' requirements."

The Property Services Agency has made a list of priority areas for improved standards, including sanitary and door fittings, partitions, windows, types of floors, damp-proof courses and flat roof coverings.

A report in 1980 by the National Economic Development Council backed stronger British Standards as a way of "strengthening the UK's bargaining power in opposing foreign barriers to trade.

Since then the industry has become more concerned about imports of materials and sees the Government's approach as one way of keeping a hold on public sector business.

Positive purchasing, Page 16

Coal needs 'will drop by 1990'

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is likely to face problems in its relations with the coal industry, pudging by projections of UK energy demand about to be published.

The figures indicate that the need for coal is likely to diminish during this decade. By 1990 UK coal demand may be about 110m tonnes, or about 10 per cent less than in the early 1970s, according to Mr George Ray, Senior Research Fellow of the National Institute of Economic and Social Research, and Mr Colin Robinson, Professor of Economics at Surrey University, the authors of the report.

They say the National Coal Board's objective of increasing output is unlikely to be achieved, although attempts would probably be made to boost production through exports.

The report, European Energy Prospects to 1990, says the Coal Board will feel the impact of a slow growth in electricity demand and an expansion of nuclear power output. These factors would "significantly" reduce the coal industry's sales to power stations, by far its biggest market.

UK PRIMARY FUEL REQUIREMENTS

(m tonnes of oil equivalent)

	1972	1977	1980	1985	1990
Oil	110.5	92.0	80.6	83.3	86.6
Natural gas	25.2	36.9	41.3	45.0	48.3
Coal	72.2	73.4	72.7	66.2	65.3
Hydro-electricity	1.2	1.2	1.2	1.6	1.6
Nuclear electricity	6.5	8.4	7.8	12.4	14.0
Other	0.1	0.1	0.1	0.1	0.3
Total	215.7	212.0	203.7	208.6	216.1

Source: "European Energy Prospects to 1990," Staniland Hall

The Government has still to publish projections of UK energy balances. But the Energy Department is aware that a potential drop in coal sales could create tensions between Whitehall and the coal industry, particularly the National Union of Mineworkers.

The report says a slow growth in Gross Domestic Product coupled with continued energy saving should lead to total fuel consumption rising by an average of a little more than 0.5 per cent a year in the 1980s. The forecast total fuel consumption in 1990—the equivalent of 216m tonnes of oil—is about the same as consumption in the early 1970s.

The UK should remain a net exporter of fuel at least until the late 1980s. Domestic oil production is expected to exceed demand significantly throughout the next decade. Net exports of oil could be about 30m tonnes a year in the mid-1980s.

The period of rapid penetration of the UK energy market by natural gas is probably over although gas consumption is still expected to continue to rise steadily throughout the coming decade. By 1990 gas could account for about 22 per cent of UK primary fuel requirements, against 20 per cent in 1980 and 12 per cent in 1972.

Nuclear energy output is expected to rise at a faster pace. The report says nuclear electricity production could account for 7 per cent of UK energy needs in 1990—the equivalent of 14m tonnes of oil a year against 7.8m tonnes in 1980.

European Energy Prospects to 1990, George Ray and Colin Robinson, Staniland Hall, 42 Colebrooke Row, London N1. £85.

Ezra warns Government not to change NCB

BY MAURICE SAMUELSON

SIR DEREK EZRA yesterday urged the Government not to introduce drastic changes in the running of the National Coal Board after he retires as chairman on July 2.

Reviewing his 11 years as chairman, he said the Board knew where it was going and—in a reference to the consequences of his forthcoming retirement—said: "We don't need a team to come in and change things. We have our long-term strategic plan; we have weathered the storm of the recession and have maintained our financial objectives."

Sir Derek's remarks were interpreted as a warning that the Government should not subject the coal industry to a programme of radical privatisation like those being introduced in other state-owned sectors.

Among those who heard his farewell address to the Coal Industry Society were Mr John Moore, Energy Department Under-Secretary, and Mr Eric Varley, the former Labour Energy Secretary. Both have been mentioned as possible successors to Sir Derek as head of the Coal Board, Mr Varley said yesterday that so far he had not been approached.

The coal industry, Sir Derek said, had firmly stuck to its long term programme, launched in 1974, to boost production and efficiency. Last month it achieved a record monthly productivity level of 2.51 tonnes output per man-shift. Despite the Aslef strikes and some of the worst winter weather of the century, this was 3.3 per cent higher than in February 1981.

The 1982 Coal Industry Bill, now before Parliament, gives the Board until 1985 to repay operating and deficit grants of about £460m. This is partly the price of last February's Government decision to prolong the life of uneconomic pits.

Sir Derek said deficit grants might be necessary until 1988.

● To Sir Derek appealed to the Government to speed up its decision over the mining of coal in North East Leicestershire. "We feel that as the inquiry into the Vale of Belvoir ended 23-months ago, even the Department of the Environment should have been able to give us a decision by now."

Men and Matters, Page 16

State shipbuilders failed to reinvest, says Vosper

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE PROLONGED BATTLE for improved compensation terms for shipyards nationalised in 1977 was linked yesterday with strong criticism of the way that British Shipbuilders has since handled its navel export business.

Sir John Rix, chairman of Vosper which received £5.3m for its Vosper Thorneycroft yard in Southampton, said the state-owned British Shipbuilders could have ploughed money back into the yard instead of accepting over £40m in dividends from it last year.

"I believe it was a great mistake to take such a lot in dividend as this would have been an opportunity to put money back into the business," he said. BS is now keen to boost its low warship exports to offset UK defence cuts.

Accounts of Vosper Thorneycroft (UK) for the year to March 31, 1981, show a dividend of £43m paid to the parent. Private shipbuilding sources described this as "tantamount to asset-stripping." Although Vosper has not put a firm figure on its compensation claim, this has been estimated at more than £40m.

With other companies whose shipbuilding and aircraft interests were nationalised, Vosper has appealed to the European Commission for Human Rights in Strasbourg.

The present Government has already delayed giving its evidence because of the complications of the case. Court officials are likely to visit the companies in Britain this autumn to seek further information.

The Vosper Thorneycroft accounts, available from Companies House but not published separately by BS, show that pre-tax profits of £22m were made in 1979-80 and £24.5m in 1980-81.

The BS accounts for the same years show profits of just above £8m, excluding interest payments to Vosper Thorneycroft of £14m in the first year and £16m in the second on money it lent to the parent corporation.

BNOC likely to propose price cuts this week

BY RAY DAFTER, ENERGY EDITOR

PROPOSED price cuts for North Sea oil are likely to be announced by British National Oil Corporation in the next day or two. Several refiners have been pressing for a reduction of $3 to $4 a barrel and expect to hear about the proposals today.

Senior traders in BNOC's London office yesterday conducted an intensive review of market and pricing conditions. They are likely to outline their proposals to Treasury officials before opening negotiations with others in the oil industry.

Although the Corporation had been hoping to concede a reduction of only $1 to $1.50 a barrel, recent falls in the spot market may force the Corporation to propose a larger cut, perhaps $2.50 to $3 a barrel below the present reference rate of $35 a barrel.

It is understood the state-owned Corporation is anxious to fix a new price structure which will be accepted by the industry not only for the remaining month of this quarter but also for the second quarter contract period. A number of U.S. and Continental customers have told BNOC they will stop lifting North Sea crude next month if prices are not reduced substantially.

BNOC is the leading trader, and thus price setter, of North Sea oil. It is in danger of losing customers for at least 60,000 b/d as a result of the glut of oil supplies. Some reports suggest as much as 150,000 to 200,000 b/d is at stake.

The value of spot market cargoes of North Sea oil was said in London yesterday to be a little under $30 a barrel—14 per cent below the rate for contract sales.

London Oil Reports, an industry newsletter, said Nigeria—like the UK a producer of high grade oil—is under pressure from customers to lower its prices by between $4.00 and $4.50 a barrel. Contract supplies of the country's Bonny Light crude are being sold at $36.50 a barrel although the spot market value is about $5 less.

Enkalon Ulster factory closes on March 31

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

GOVERNMENT and unions in Northern Ireland both expressed "bitter disappointment" at yesterday's official announcement of the closure of British Enkalon's Antrim factory on March 31.

The company, 83.7 per cent-owned by Enka, fibres arm of Akzo, the Dutch chemicals concern, said that "it had become clear that in spite of considerable improvements and achievements effected by management and workforce the company would still run into further substantial losses."

The statement was received with some scepticism by Mr John Freeman, regional secretary of the Transport and General Workers' Union, who was told that the plant was more efficient than any other in the group.

"The Antrim plant's productivity is 18 per cent higher than any of the other works," he said. "Yet despite another offer of assistance from the Government the company has decided to close it.

"This will turn Antrim into a ghost town. The plant once employed 2,030 people in 1m sq ft of purpose-built factory space. We are bitterly disappointed because the community will be wiped out."

Mr Adam Butler, Minister of State for Northern Ireland, was equally strong in his disappointment, calling the decision a "severe blow."

Heron wins case on ACC takeover bid

Raymond Hughes reports on the ruling which opens the way for a duel in the market place

THE HERON Group has won the legal dispute provoked by the bitter takeover battle for Associated Communications Corporation.

In a decision that opened the way for a duel in the market place between the rival bidders, the Court of Appeal yesterday ruled that ACC's directors had had no legal power to accept the original offer for ACC made by Mr Robert Holmes à Court's Bell group.

Accordingly, the directors' "irrevocable undertakings" to transfer their own, controlling, voting shares to Mr Holmes à Court were void and of no effect.

The court held that, in accepting the offer, the directors breached one of ACC's articles of association, because the offer price did not accord with the formula laid down in the articles for the proportionate price of voting and non-voting shares in any share sale.

But the court cleared the directors of Heron's accusation that they acted unreasonably and in breach of duty by committing themselves to support Mr Holmes à Court's bid of £5 for the voting shares and 66p for the non-voting.

The directors had been justified in deciding that a higher offer by Heron could not succeed, because it was conditional on Heron getting the 51 per cent of non-voting shares held by Bell's associate, TVW Enter-

But now the directors, freed by the court from their obligations to Mr Holmes à Court, must consider what was best for ACC's shareholders, said the judges.

"It is the duty of the directors—and they include Mr Holmes à Court—to ensure that the shareholders of ACC receive, and are able to accept, an offer at the best price—which at the moment appears to be 90p" (the latest Heron offer).

"For that purpose the directors must seek advice and must also ask the assistance of the Takeover Panel and the Independent Broadcasting Authority," said the judges.

"It would be lamentable if, at the end of the day, Mr Holmes à Court was successful in forcing on the shareholders the offer of 66p which was forced on the directors on January 13.

"The duty of the directors is to protect the shareholders. The identity of the bidder matters not to the shareholders. What does matter is that the shareholders should receive a bid which reflects the true value of ACC as assessed by competing bidders, and not as assessed by one bidder, who has succeeded in acquiring 51 per cent of the

judgment, said that the intention of Article 29 of ACC's articles was to give an advantage to non-voting shareholders.

The object was to prevent the existence of a price differential and to prevent the voting shares becoming the more desirable holding.

Such a restriction on the financial exploitation of management power seemed to the court to be eminently salutary, when voting shareholders contributed only 1.1 per cent of the company's capital.

The judges said that the directors' duty when a takeover bid was made was to act in the interests of the company and its shareholders.

The fact that the ACC directors themselves held a majority of the voting shares did not authorise them to reflect their individual inclinations.

They had been under the misapprehension that they could do as they liked with their own shares, irrespective of what advice they gave the other shareholders.

The directors' good faith was not impugned. They had genuinely believed it was in everyone's interest to accept the first Bell offer.

The directors had justified

that it would have been dangerous to wait for a rescuer.

The court said there was no evidence to support that argument. The banks to which ACC owed money had agreed to wait, and there was no shortage of liquid funds.

Secondly, the directors said that the company's management was in a chaotic state but, said the judges, there was no evidence that that made the situation so urgent as to demand an immediate decision.

Nor were the judges impressed by the argument that, if the Bell offer was not accepted at once, it might be reduced or disappear.

But the judges were wholly satisfied by the directors' fourth ground: that no Heron bid could succeed because it would be blocked by Mr Holmes à Court's and TVW's refusal to sell the 51 per cent.

The court said that ACC should pay a quarter of Heron's legal costs. Mr Holmes à Court, who had made the litigation necessary by the way he had made his bid, would have to pay half the costs of ACC and its directors up to the date on which he became separately legally represented, and the whole of his own costs thereafter. The remainder of the costs incurred by the directors other than Mr Holmes à Court should be paid by ACC.

Mr Holmes à Court was re-

Drivers face premium rise by Royal Insurance

MORE THAN 550,000 motorists insured with the Royal Insurance face a rise in their premiums from May 1—the first increase for 19 months. The rates are being raised by an average of 6 per cent—far less than the double-figure rate of price inflation.

Royal is the first major motor insurance company to lift its motor rates this year; indeed, no major motor insurer has increased its rates for several months. Royal last made a change on October 1, 1980, with a 16 per cent increase.

Royal has been competing strongly with other companies for UK motor business in a dull market. The companies have been able to hold their rates because the number of claims have been falling in 1981 and the rate of increase in claims costs has been decelerating. Royal's internally calculated Repair Cost Index rose only 9 per cent in 1981.

Nevertheless, Royal found that these favourable conditions disappeared in the final quarter of last year. Its results for 1981, published yesterday, showed that a reasonable underwriting profit at the nine-month stage on UK motor business had turned into a marginal loss by the year-end. The increase has been calculated to allow for the expected rise in claim numbers as petrol becomes progressively cheaper.

Former Cornhill man disciplined

A FORMER accountant director of Cornhill Consolidated Company, the bill trader and holding group which collapsed in the 1973-74 secondary banking crisis, has been disciplined by his professional body.

Mr John Malcolm Shenton, FCCA, has been censured, fined £500 and ordered to pay costs totalling £1,500 by the Association of Certified Accountants. The case, arising out of the findings of the Trade Department's investigation into Cornhill, was referred to the association by the accountancy profession's watchdog, the joint disciplinary scheme.

The scheme's committee of inquiry found that Mr Shenton committed four separate breaches of Section 54 of the 1948 Companies Act.

VAT 'costing business £400m'

ABOUT £750m is being wasted each year in the administration of Value Added Tax, the National Federation of Self Employed and Small Businesses claimed yesterday.

A report says abolition of VAT on credit transactions between registered traders would save businesses alone £400m in administration costs. Customs and Excise would receive exactly the same net revenue.

VAT: The myth and the Reality. Copies from NFSESB, 45 Russell Square, London WC1. Price £3 plus 50p (post and packing).

DRG to close London mill

DRG, the Dickinson Robinson packaging and stationery group, is to close its Merton Board Mill in South-West London at the end of May, with the loss of 200 jobs. The company blames continuing losses at the plant.

Trading losses have totalled about £2m in each of the past three years. DRG said it is not closing other sections at Merton, which cover containers, drums and waste paper.

Halifax launches Money Plan

A SIMPLIFIED range of saving schemes was launched yesterday by the Halifax, Britain's largest building society. It is offering three main types of account under its Halifax Money Plan.

A "Special Investment Account" will yield 2 per centage points more than the basic deposit rate for amounts of more than £500 invested for a five-year term. "Xtra Interest" accounts will still pay a 1 point premium over the basic rate—now 9.75 per cent—but the minimum deposit is reduced from £1,000 to £500. Paid-up share accounts continue to pay the basic rate.

Crane Fruehauf to shed 300

THREE HUNDRED workers are to lose their jobs at the Dereham, Norfolk, works of Crane Freuhauf, the U.S.-owned trailer-making company.

The company, which has a total workforce of around 1,300 throughout the country said the cuts are part of a restructuring plan aimed at combatting trading losses.

New life for Courtaulds site

COURTAULDS' Red Scar works, which closed two years ago, is being bought for £1.65m in an industrial development plan.

The Central Lancashire Development Corporation plans

UK NEWS

Robin Reeves tunes in to the TV message of hope in Wales

Channel S4C puts Welsh talents in the picture

Mr Owen Edwards, director of the Welsh Fourth Channel Authority (S4C), expressed confidence in Cardiff yesterday that its negotiations with HTV will be successfully completed. While refusing to be drawn on the difficulties in the negotiations, Mr Edwards denied suggestions that he was running a "gravy train" for independent producers and favouring them at the expense of HTV — allegations made recently by Mr Leo Abse, MP, who chaired a Commons select committee investigation into Welsh television. Mr Edwards said that S4C's powers of patronage are no greater than any other broadcasting organisation and that S4C had been paying the going rate — around £28,000 per hour of television for programmes from independent producers.

TELEVISION IS a growth industry in Wales these days. Last month the BBC paid more than £1m for an office block, storage areas and 13-acre site in Cardiff to meet the expanding needs of Welsh television.

The offices and site were the Welsh division headquarters of the British Steel Corporation, which has moved its remaining staff to Llanwern.

It is only 18 months since the Government bowed to the hunger strike threats by Mr Gwynfor Evans, the veteran Welsh Nationalist leader, and agreed to implement its pledge to establish a Welsh language service on the new Fourth

WALES4CYMRU
Sianel Pedwar Cymru

Channel. Barely a year ago the newly-created Welsh Fourth Channel appointed its first member of the staff, Mr Owen Edwards, then head of BBC Wales, as the Welsh channel's director.

The climbdown by Mr William Whitelaw, Home Secretary, brought relative political calm. But more than 10 years of conflict over the structure of Welsh broadcasting has brought also an astonishing upsurge of creative and commercial activity in television, surprising even the most enthusiastic advocate of the Welsh channel.

Yesterday—St David's Day—Sianel Pedwar Cymru, or S4C as it is known, was given its publicity launch. Between now and November when — like Channel four UK, S4C comes on the air—the Welsh public will be treated to a rising crescendo of publicity, aimed at maximising the audience for the new channel.

The broadcasting structure which emerged from the political conflict in Wales is a complete hybrid in British broadcasting terms. S4C is a statutory authority, on a legal par with the BBC and Independent Broadcasting Authority. Its task is to create a comprehensive TV service in Welsh, using material drawn from three sources—the BBC, Wales's commercial contractor Harlech Television (HTV) and independent producers.

Initially, S4C will take up 22 hours a week—a 50 per cent increase in the present Welsh language TV output—for which S4C has negotiated a start-up budget of £20m with the IBA.

The BBC will supply ten hours a week to the new channel free of charge, as far as S4C is concerned. They will be paid for out of the BBC's TV licence revenue and will include the channel's national and international news service in Welsh.

The remaining 12 hours a week will be purchased by S4C from HTV and the independents.

Priority will be given to Welsh programming (most of the programmes must go out at

WALES4CYMRU
Sianel Pedwar Cymru

peak viewing time—that is between 6.30 pm-10 pm) but S4C's channel also will broadcast most of the output of Channel 4 UK, rescheduling the London based output around the Welsh service.

Welsh-speaking producers have been drawn back to Wales by the opportunities made available by the new channel. Others have left HTV and BBC to form their own programme companies.

At the latest count, more than 30 independent producers had been contracted to prepare programmes for S4C. Their commissions added up to a stockpile of more than 200 hours—or enough programmed material to provide S4C with four hours a week for its first year.

The commissions include drama, documentaries, cartoons, panel games and quizzes, concerts, and children's programmes. A significant proportion are suitable for dubbing into other languages for overseas sales.

In North Wales, the Welsh Development Agency has helped to set up a £500,000 outside broadcasting facility for independent producers. Caernarvon-based Barcud is the first independent broadcast multi-camera unit outside of London.

Overall, the number of jobs *being created is significant*. The independent producers' sector is directly creating between 300 and 400 jobs, many of them in rural areas with few job opportunities. The BBC is recruiting up to another 250 staff in Cardiff.

HTV's position has still to be clarified, since it is still negotiating with S4C on the terms for supplying programmes. It was originally expected to provide at least nine hours a week *but its contribution* could be as low as seven and a half hours — at least initially.

It is not clear whether the deal will be sufficient for HTV

WALES4CYMRU
Sianel Pedwar Cymru

to go ahead with its long-planned studio complex on Cardiff's outskirts, budgeted to cost £14m two years ago.

The main question still to be answered is the size of the audience. The Government still regards S4C as an experiment and has given it three years to *prove that Wales' ½m Welsh* speakers will indeed watch their own service — and in sufficient numbers to justify the outlay of £20m a year.

Yesterday, the channel appeared to have many of the ingredients required for success — not least enthusiasm.

Group backs £3.8bn rail and road Channel link

By James McDonald

ONLY DAYS before the publication of a report by an Anglo-French study group on a cross-Channel fixed link, four civil engineering companies have supported the most ambitious and costly of the projects—a £3.8bn combined bridge and tunnel scheme sponsored by Mr Ian MacGregor, *chairman of the* British Steel Corporation.

The four companies in the UK Channel Tunnel Group—formed a year ago to tender for any Channel tunnel projects approved—are headed by Sir Robert McAlpine & Sons. The other members are John Mowlem, French Kier and Thyssen (GB).

Speaking in London yesterday they supported the Euro-Route scheme, which involves a road viaduct-tunnel, combined with a submerged tube rail tunnel.

Mr Reginald Clare, a McAlpine representative, denied that the civil engineering consortium had any "inside knowledge" of the recommendations to be made by the Anglo-French study group, which was set up late last year by Mrs Thatcher and President Mitterrand of France.

West Country could become 'sunbelt' for small businesses

BY TIM DICKSON

THE WEST COUNTRY could become an economic "sunbelt," according to a study commissioned by Shell UK and published yesterday.

The study points to the national shift in economic activity outside the older urban and industrialised areas. It suggests small businesses may be sharing "more than proportionately" in this move.

Similar forces seem to be at work in the U.S. where industrial expansion in the southern and western states has outstripped other areas.

"It is too early to draw the conclusion that the West Country is Britain's new economic sunbelt. The phrase 'sunbelt,' however, provides a cheerful catchphrase to refer to the brightening economic prospects of the West Country," the study says.

This optimistic note is tempered by evidence that financial, social and institutional obstacles hindering small businesses are deep-rooted.

These include a shortage of capital, premises, skilled labour and people willing to assume risks; deficiencies in the educational system; the tax system; planning restrictions; rates; and too little say for business in local government.

The study is written by Mr Graham Bannock. It covers Cornwall, Devon and parts of Somerset and Dorset, and describes the public and private sector help there, as well as outlining the opportunities available.

The main requirements in the area, he says, are reform of local government.

Local authorities are "primarily concerned with providing social services and balancing the interests of competing minority interest groups, at the expense of playing a positive role in *economic development*."

The study highlights the "cultural gap" between small businesses and the rest of the community.

"We have been particularly struck by the gulf between businessmen and administrators and teachers in the public sector. School leavers are ill-prepared for the probability that some of them at least will sooner or later have to create their own work if they are to work at all."

Enterprise West—A Study of Small Business in the West of England. Economists Advisory Group, World Trade Centre, 52 St Katherine's Way, London E1 9LB, £3.50 (postpaid).

Management, Page 12

BUILDING CONTRACTS

£15m BNOC offices for Aberdeen

ABERDEEN CONSTRUCTION GROUP CO. and BNOC (Development) have concluded their discussions on the design of the new office building to be erected at Hill of Rubislaw, Aberdeen. The building will be occupied by BNOC on a lease from ACG.

Completion of the 190,000 sq ft building is scheduled for late 1984.

The £15m project is a welcome addition to the group's workload and will ensure continuity of employment for a large number of construction personnel, says ACG.

★

The Wales Region of British Gas has awarded a contract worth over £4m to lay what is said to be the largest diameter gas transmission and storage pipeline ever to be built in the UK to **McALPINE SERVICES AND PIPELINES**, South Wirral.

The main part of the contract is to lay about 18 km of 1,200 mm (48 in) high pressure steel pipeline from Dowlais, near Merthyr Tydfil to Nelson, near Pontypridd. Work also includes the construction of 9.4 km of 450 mm (18 in) branch pipelines to link the large main to the existing pipeline network, together with ancillary works in connection with pig traps and valves.

The project, which is receiving financial support from the EEC Regional Development Fund, is part of a £13m Wales Gas overall scheme for gas storage and the re-enforcement of supplies in south east Wales. Construction work is expected to start in April and gas should be flowing through the new pipelines in time for next winter.

★

Contracts at Bedford, Letchworth and Ely, together worth £2.1m, have been won by **RATTEE AND KETT**, the Cambridge-based member of the Mowlem Group. Largest is at Kempston, Bedford, where the company is to build a new £1m Territorial Army centre for the TAVR Association of East Anglia.

★

Contracts awarded to companies within the **LOVELL CONSTRUCTION GROUP** total more than £2.5m. Farrow Construction (Northern) has won two contracts, together worth £1.36m, at hospitals in the North Western Region. Y. J. Lovell (Southern) is to build a three-storey office block which will incorporate three shop units in Slough High Street for Sun Alliance Pension Fund. Contract price is £683,000. Lovell Management Fee is to undertake £450,000 refurbishment of parts of Crompton House, Aldwych, for the Royal London Mutual Insurance Society.

★

With the award of the Southall town centre relief road by the London Borough of Ealing (contract value £1.5m) **WILLMENT BROS.** has secured contracts to a value of £2.4m. Other work includes the Russia Dock Woodlands Phase II, awarded by the London Borough of Southwark, for the construction of new park facilities, and a contract about to be awarded by the GLC for courtyard improvements to the Rockingham Estate, Falmouth Road, Southwark.

★

Preseli District Council has appointed **BOVIS CONSTRUCTION** to build a Market Hall at Haverfordwest, Pembrokeshire. Valued at £590,000 the contract is for a six-day market comprising basement, ground and mezzanine floors, which will accommodate 21 lock up shops, market stalls plus the usual facilities. The basement car park will provide space for trader's vehicles.

★

A £1.7m contract for the construction of the new Milton Keynes central bus station has been awarded to **COSTAIN CONSTRUCTION**, Maidenhead, and work starts this month.

Expected to be operational by spring next year, the new bus station is situated at the western end of the city centre near the new railway station.

The building consists of a steel-framed canopy, 4,250 square metres in area, over a smaller enclosed two-storey reinforced concrete structure faced with granite slabs.

★

LESSER-BUILDING SYSTEMS, Verwood, Dorset, has won a double-contract worth £400,000 to supply British Aerospace with a new medical centre and an extension to the divisional electrical workshop at the Samlesbury Aerodrome site in Lancashire.

★

Windows and external doors are to be replaced on 175 dwellings in Hillfields Avenue, Fishponds, Bristol, under a £422,000 contract awarded to the Bristol office of **WIMPEY CONSTRUCTION UK** by the City of Bristol.

★

Associated Design Consultants of Liverpool, incorporating E. C. Harris and Partners, chartered quantity surveyors, have been appointed by English Industrial Estates to oversee the demolition of the Tate and Lyle sugar refinery in Liverpool. The demolition contract has been awarded to **THOS. W. WARD (INDUSTRIAL DISMANTLING)**. The refinery, located in the Liverpool inner city, covers about 25 acres. Demolition of the complete site will take two years, but the site will be cleared in phases to allow new development as early as possible.

★

TAISEI WEST AFRICA (TWA), joint venture construction company in Nigeria of the Japanese Taisei Corporation, has received an order from Suleja International Hotel to build a seven-storey hotel in Suleja, Niger State, Nigeria, worth Yen 8.9bn (about £21.5m).

The hotel, with 16,000 square metres of floor space, will have 246 rooms, conference rooms, and a shopping centre. It will be completed around the end of 1983. The package contract covers designing and building of the hotel and supply of all furniture and fixtures. Taisei Corporation will provide technical guidance to TWA.

This was the first contract received by TWA since it was established in Nigeria in 1979.

Taisei Corporation and C. Itoh and Co have jointly received an order in a consortium arrangement from the Anambra-Imo River Basin Development Authority of Nigeria to create 5,000 hectares of rice paddies in Anambra state. The order is worth Yen 14.4bn (about £34.5m).

★

TWO CONTRACTS, each worth nearly £1m, are included in work awarded to **TARMAC REGIONAL CONSTRUCTION**. They are for a four-storey office block and basement car park at Camberley, Surrey, for Barratt Properties, and road and bridge works at Strathfillan Manse, Scotland, for the Central Regional Council. In the West Midlands the company has a contract, worth about £722,000, for improvements to 125 homes for Dudley Metropolitan Borough Council. At Stockport, Cubitts—part of Tarmac Regional Construction—has a conract, worth about £312,000, for altering existing shops to provide a restaurant for McDonald's Golden Arches Restaurants. Other contracs include work at Cressing Reservoir, near Braintree, Essex, for the Anglian Water Authority (£287,000); fire damage reinstatement work in Eaton Square, London, for Eaton Square Properties (£22,000); and improvements to 39 homes for Huntingdon District Council (£234,000).

★

JOHN HOWARD AND CO., as manager of Unicorn (WLL), has been awarded a £1.5m contract in Bahrain to construct a new jetty for the Bandar Al Dar Coastguard Station. The client is the Bahrain Ministry of Interior whose engineer is Lee Sian Teck of Singapore.

Laker licences revocation plan to be published soon

BY IVOR OWEN

THE PARTICULARS of the Civil Aviation Authority's proposal to revoke Lake Airways' route licences are likely to be published soon.

This was made clear by Mr Iain Sproat, Under Secretary for Trade, in the Commons yesterday, when he stressed that a revocation proposal can be the subject of a public hearing with a right of appeal to Mr John Biffen, the Trade Secretary.

Referring to the authority's earlier decision to suspend Laker's licences, Mr Sproat said that whether this took effect, and the timing of it—was dependent on whether there was an appeal to the Trade Secretary and its outcome.

Attacks on Sir Freddie Laker from the Labour benches—he was called a "tyrant" by Mr Doug Hoyle, MP for Warrington—were angrily repudiated by Mr Sproat, who revealed that Department of Trade officials are reviewing existing procedures to see if there is "any practical way" of protecting holders of tickets on scheduled services when an airline goes out of business.

Mr Michael Neubert (Con., Romford) warned against the Air Travel Reserve Fund, established to protect holiday makers when package tour companies cease to trade, being used for this purpose.

He maintained that it would be "airways robbery" if, many years after being set up for a different purpose, the fund were now to be used to make refunds to people who had bought tickets on scheduled services.

Mr Sproat explained that Laker Airways' scheduled passengers overseas had all been brought home successfully, thanks to the generous efforts of other carriers.

Scheduled ticket holders who had not yet made their journey with Laker were unsecured creditors of the company, and, as such, should contact the receiver if they had not already done so.

Mr Sproat confirmed that the bonding arrangements, provided by Laker's tour operating companies as a condition of their holding Air Travel Organisers' licences, made available funds to bring home package tour customers who were already abroad.

Together with the Air Travel Reserve Fund, the bonds should ensure that no-one who had booked an inclusive air package holiday or advanced booking charter with one of the Laker tour operating subsidiaries lost financially.

Mr Hoyle made his "pirate" charge when he accused Laker of having paid lower wages and salaries than other airlines, and of locating its registered office in Jersey so that employees had been prevented from joining trade unions and having recourse to an industrial tribunal.

To Government cheers Mr Sproat replied that it was "shocking" that Mr Hoyle should have used the protection of Parliamentary privilege to call Sir Freddie a "pirate."

Mr John Smith, Labour's shadow Trade Minister, called for an assurance that the general principles governing civil aviation policy would not permit an airline operator to walk away from debts running into hundreds of millions of pounds and then make arrangements to start again without paying off the money owed.

Mr Sproat said he could not answer a hypothetical question. But he pointed out that it was the duty of the receiver to get as much money as he could for the creditors.

In a further reply, the minister stated that the Civil Aviation Authority "may require the holder of an air transport licence to furnish it with information which relates to his past, present or future activities, and which the authority considers it requires for the purpose of reviewing the licence.

Kaufman attacks cricket tour of S. Africa

By John Hunt, Parliamentary Correspondent

THE TWELVE England cricketers who have agreed to take part in a South African tour led by all-time leading scorer Geoff Boycott were condemned in the Commons yesterday as "the dirty dozen." The criticism came from Mr Gerald Kaufman, Labour's environment spokesman, who accused the cricketers of "selling themselves for blood covered Krugerrands."

His request for an emergency debate on the subject was rejected by the Speaker, Mr George Thomas.

Mr Kaufman's words drew an angry response from Mr John Carlisle (Con Luton West) who argued that it was out of order for a front bench spokesman to make such a "scurrilous attack" on the cricketers.

The opposition intends to make further attempts to raise the matter in the House.

Mrs Thatcher is almost certain to be cross-examined about it when she answers questions in the Commons today.

Mr Kaufman pointed out that the tour by the group, describing themselves as the "English team," was in defiance of the Test and County Cricket Board.

He said it was placing in doubt the tour of England this summer by India and Pakistan, and was jeopardising England's place in Test cricket.

It could, he claimed, affect the future of the Commonwealth Games and the Olympic Games. The tour is due to start on Thursday.

He felt there was little time for the Government to fulfil its obligations under the Gleneagles agreement on Commonwealth sporting contacts with South Africa.

● More than 100 Labour MPs last night attacked the tour in an early day motion condemning "the selfish decision for personal financial gain of leading Test cricketers to tour South Africa, because by doing so they are giving support to apartheid and they are acting in defiance of the Gleneagles Agreement, and by their action are putting Britain's sporting links with the rest of the world in jeopardy."

'Delight' at end of hijack drama

FINANCIAL TIMES REPORTER

FOREIGN OFFICE minister yesterday expressed delight over the release of a hijacked Tanzanian airliner at Stansted Airport, Essex.

During the Second Reading debate on the Taking of Hostages Bill in the Lords, Lord Trefgarne, Foreign Office Under Secretary, said: "We are all happy that the hijack at Stansted ended safely. The hijackers are now in police custody. Charges are likely to be brought, and in these circumstances I hope you will agree it would not be right for me to comment on any aspect of the matter."

The Bill imposes life imprisonment for terrorists and gives British courts jurisdiction over the offence, wherever committed and whater the nationality of the offender.

Lord Trefgarne said no one needed reminding of the "inhuman menace of terrorism."

The successful release of the passengers on the hijacked aircraft and the Iranian embassy siege in May 1980 "are to the forefront of our minds," Lord Trefgarne told peers.

The Bill allows Britain to ratify the International Convention against Terrorism, opened for signature in New York in December 1979. Twenty-nine countries, including the UK, have signed the convention.

Any terrorist who has threatened to kill his hostages while issuing ultimatums to the UK will, if arrested, either be extradited or tried in Britain. Lord Trefgarne recalled that the British ambassador in Montevideo, Mr Geoffrey Jackson, was held hostage for eight months, and the convention sought to combat such terrorism.

Lord Wigoder (Lib) said all those taking part at Standsted were to be congratulated on their firmness and determination.

But he warned there would be "cowboy" states which refused to have anything to do with the convention and would harbour hostage takers.

For the Opposition, Lord Bishopston said the weekend's events "are reassuring that Britain has deployed procedures which make it clear what hijackers may expect here."

He added: "We must ensure safety for passengers and British travellers elsewhere in the world."

The world was faced with the most difficult circumstances from which there could be the most serious consequences. The sentence in the Bill was an appropriate one to punish and deter.

The Bill was given an unopposed Second Reading.

PSA to drop fee scales

By William Cochrane

RESTRICTIONS ON fee competition among professional bodies bidding for Property Services Agency project contracts are likely to disappear by the autumn, Mr A. Montague Alfred, PSA chief executive, told the Commons select committee on public accounts yesterday.

The Monopolies Commission condemned mandatory fee scales in 1977. Discussions with architects, chartered quantity surveyors and engineers had taken time, but the PSA had negotiated some fees where consultants had been selected.

Sir Kenneth Stowe, permanent secretary at the Department of Health and Social Security, noted that attempts to introduce competition in the early years of hospital building had led to results which were not always happy. But things would change under the new system because the National Health Service was operating under very severe financial constraints, with a profound incentive to achieve value for money, and because of the effects of the recession, which was reducing tender prices.

Edwards says sorry for drink remarks

Financial Times Reporter

MR NICHOLAS EDWARDS, Welsh Secretary, formally apologised in the Commons yesterday for suggesting that his Opposition "shadow" had been drinking, when the pair clashed during a heated late night debate.

Mr Alec Jones, Labour's Welsh Affairs spokesman, listened to the personal statement from his place on the Opposition front bench as Mr Edwards, sporting a daffodil on his lapel, commented: "I hope St David's Day is an appropriate moment to make amends." The apology was greeted by cheers from both sides, but in accordance with Commons tradition there was no reply or comment.

Mr Edwards said: "I wish to apologise to Mr Jones for suggesting that he might have been drinking, a suggestion which was unjustified and which, of course, I withdraw."

Mr Edwards also added apologies to the Speaker, Mr George Thomas, who was in the chair when the row erupted last Thursday.

The accusation came at the end of a debate on Welsh affairs, when Mr Jones became annoyed at an attack on Labour policies by Welsh Under Secretary Mr Michael Roberts. Mr Jones several times tried to intervene, accusing Mr Roberts of "waffling on about rubbish."

He leapt to his feet at the despatch box when he heard Mr Edwards comment to his junior ministerial colleague: "He must have been drinking."

As MPs filed out of the chamber at the end of the debate, Mr Jones waved his finger at the Welsh Secretary saying: "You should not have said that, and you know it."

Move to raise election expenses by over 50%

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

THE GOVERNMENT yesterday moved to raise by over 50 per cent the ceiling on election expenses, which nearly all major-party candidates have approached in recent by-elections. The increase should come into effect in time for the Glasgow Hillhead by-election.

The limit will rise from £1,750 plus 2p for every voter in county constituencies to £2,700 plus 3.1p per elector. For borough constituencies, the ceiling will increase from £1,750 plus 1½p per head to £2,700 plus 2.3p for each elector.

In Hillhead, where there are 40,000 electors, the change will mean that the parties will be able to spend about £3,620 each instead of £2,350.

Francis Pym

The order which will put the changes into effect was moved yesterday by Mr Francis Pym, the Leader of the House. It will now be studied in committee and will have to be debated in both Houses before it comes into effect. If it comes into effect before the Hillhead vote it will apply even if the order is not in effect at the beginning of the campaign.

Shoe makers seek clamp on imports

BY ELINOR GOODMAN,

THE LANCASHIRE Footwear Manufacturers' Association, backed by a Labour MP, is trying to use the 1980 Competition Act to restrict the sale of cheap imports. The association has written to the Director General of Fair Trading asking him to investigate Polish leather shoes, sold by a Liverpool importer for less than £4 a pair.

The association's basic argument is that the sale of shoes at uneconomic prices is forcing British manufacturers out of business, and restricting real competition. It hopes to persuade the Director General to ban the distribution of cheap shoes. Sales of Polish shoes are already restricted.

The possibility of using the Competition Act in this novel way was also raised yesterday in the Commons by Mr Dale Campbell-Savours, the Labour MP for Workington, who asked Mr John Biffen, Trade Secretary, to examine the scope under the Bill for dealing with dumped products. He believes that if the Act applies to Polish shoes, it could provide a way for other industries to stop the sale of subsidised imports. This might supply an alternative to the often frustrating procedure for persuading the European Commission to take action against dumped goods.

Fowler and Lyon clash over health charges

BY LISA WOOD

A HEATED exchange about the reasons for charging overseas visitors for NHS hospital treatment took place between Mr Norman Fowler, Social Services Secretary, and Mr Alex Lyon, (Lab. York) during a Commons select commtitee hearing yesterday.

Mr Fowler was giving evidence on the controversial scheme to the race relations and immigration sub-committee of the home affairs committee.

The scheme, which will save the NHS an estimated £6m a year, will be introduced in October. All patients registering at hospitals will have to answer a question on residence.

If the individual has lived in ment. Those not eligible will receive free treatment at out-patient emergency departments but will be charged if admitted for treatment.

Complainst against the procedure, said Mr Fowler, could be made to the hospital administrator or, as a last resort, the health service ombudsman.

Mr Lyon said: "What you are doing is starting a system that could provoke severe reaction in race relations." Ethnic minorities feared the check could be on their immigration status.

Mr Fowler said: "We want to prevent unrealistic fears. We have gone to very considerable pains, with the joint working

He stressed later: "This is not a check on immigration status. We are trying to check whether or not they have been resident in this country for one year.

"Existing procedures, he said, were inadequately understood by hospital staff and haphazardly applied. Instances had been reported of members of ethnic minorities living in the UK being required to present passports before receiving NHS treatment. Guidance on uniform procedures was needed.

Mr Lyon asked why the Government was bothering with the scheme if it would save only £6m.

—and providing extra money to the NHS.

"Implicit in that is that we do not want to see the system abused."

Passports would not be demanded when visitors went on to the second stage of inquiry, but some people might choose to show them to establish their eligibility for free treatment. In certain circumstances, such as people who claimed to have refugee status, checks could be made with the Home Office.

Mr Fowler said consultation on the guidance manual issued to hospitals was to take place with organisations represented on the working party.

Union to act against cut-rate hauliers

BY BRIAN GROOM, LABOUR STAFF

AN ASSAULT on cut-rate or "cowboy" haulage contractors is being prepared by the Transport and General Workers' Union, which believes they are a threat to pay, conditions and jobs.

The main proposal is ilekly to be the issuing of a special Heavy Goods Vehicle card, which would clearly identify its holder as working for a company which gave union-negotiated wages and conditions.

The issue arouses strong feelings among TGWU members, and blew up in dockland areas last year when an unofficial National Container Committee began issuing its own container stamp cards to identify reputable operators.

In a dispute at Liverpool last August, pickets prevented lorries entering the freightliner terminal until employers obtained a temporary injunction. The full hearing has yet to take place.

The issuing of unofficial container stamps was condemned by the union, which set up an inquiry to tackle the problem.

It shares drivers' concern over the issue, which it believes has been exacerbated by the scrapping in the Employment Act 1980 of legislation which permitted unions to make claims against companies not paying recognised terms and conditions in a particular area, or the general level of terms and conditions.

The inquiry has reported and its proposals are being put out for consultation before any decisions are taken.

Mr Larry Smith, TGWU executive officer, writes in the union's road haulage journal: "It has been too easy in the past for people to obtain phony cards and fill them up themselves."

Modify regional deals, say lorrymen

BY BRIAN GROOM, LABOUR STAFF

THE TRANSPORT and General Workers' Union intends to press for reintroduction of a large element of national negotiation into bargaining arrangements for private road haulage.

This is a major change from the union's insistence that lorry-drivers' pay be negotiated solely at area level. It stems partly from a reassessment of the TGWU position in the light of the recession, which has greatly weakened its bargaining power.

The move has been greeted with surprise by the Road Haulage Association, the main employers' body, which has not been "officially" informed of it. The TGWU proposals are under consideration in the union's commercial road transport group.

A two-tier structure is proposed with a national committee negotiating minimum terms on pay, hours, overtime, holidays and overnight subsistence. The 22 area industrial councils and committees would continue to negotiate improvements in terms agreed nationally.

Mr Jack Ashwell, TGWU commercial road transport secretary, stressed that the plan was not intended to reduce the rights of area committees, and not a first step toward dismantling area negotiating machinery.

A pattern had emerged in which hauliers reached settlements in "weaker" areas, then tried to apply them across the board, he said.

Last year the hard-hit employers achieved deals of 3.2 per cent to 6.7 per cent, some of the lowest in the pay round, after three years of relatively high settlements. This year's deals, now virtually complete, have been for 6-7 per cent or slightly above.

Mr Ashwell is unhappy about regional variations in pay levels. Rates for top drivers range from £85 to £89 for a basic 40 hours.

The Road Haulage Association disputes that employers try to apply rises across the board, and says that they suffer from regional arrangements. The union, it claimed, tried to delay settlements in the "weaker" areas and use higher deals elsewhere as a lever.

Employers are likely to give careful consideration to the TGWU proposals if they emerge as a firm policy. They will be discussed by TGWU branches before the road transport group national committee next meets in April.

When the Road Haulage Wage sCouncil, which sets statutory minimums was wound up in 1978, the TGWU rejected an employers' proposal to replace it by a statutory joint industrial council. It strongly supported the regional negotiating structure which had emerged.

Bargaining may be further affected by a proposed internal reorganisation of the Road Haulage Association which would cut its areas from 14 to eight.

Warning over risks in cutting governmental statistical work

BY JOHN LLOYD, LABOUR EDITOR

SIR JOHN BOREHAM, head of the Government's Central Statistical Office, said yesterday there were risks in the proposed cuts in the CSO's work.

Sir John said the production of trade figures, which were expected two weeks ago, had been delayed because a new computer system had not been adequately tested. That was partly caused by the civil service strike, and partly because the CSO had cut back on checking procedures.

He was commenting on charges made yesterday by the Council of Civil Service Unions that proposals made last year by Sir Derek Rayner to cut the CSO's output, now being implemented, would constitute "a direct restriction on democratic rights," by making it harder to assess the impact of Government policies. Sir Derek is the Prime Minister's adviser on efficiency in the public sector.

Sir John said he backed the Rayner proposals, and believed the cuts could be made without damaging the CSO's core statistical work. "I would say that we implemented these cuts in the economic area by running risks on quality—by not double checking in some cases, for example. But I believe that the cuts are justified on cost grounds."

In order to implement the Rayner proposals, Sir John has commissioned a report on the "ad hoc" social surveys produced by the Social Surveys Division of the Office of Population Censuses and Surveys, which look into specific areas of social concern.

The report, by Mr J. R. Merchant, is circulating within the Government and recommends that future surveys be funded by charging the government departments which had requested them the full price of producing them.

The report says: "The likely reduction in demand for social surveys under repayment cannot be accurately assessed. Rather than introduce a 'once and for all' cut in resources, which will probably be the wrong size, it is therefore recommended that the repayment mechanism itself be allowed to determine the size of the Social Survey Division. In this case care will have to be taken that any possible reductions in manpower are actually made."

The civil service unions are concerned in the first instance over the numbers of jobs to be cut under the Rayner proposals —2,500 by 1984, with a projected saving of £25m. However, they sought yesterday to launch a broad campaign to alert the public in general—and independent research and voluntary bodies in particular—to the dangers of incipient statistical starvation.

Times puts off dismissal notices for five days

By Ivo Dawnay, Labour Staff

TIMES NEWSPAPERS yesterday agreed to suspend for five days dismissal notices issued to 210 clerical workers.

The decision allowed an immediate resumption of talks with clerical workers' leaders, raising hopes that agreement may be reached on the company demand for about 330 job cuts among the 670 staff.

The suspension of notices, which puts back the first dismissals from March 9 to March 15, will also allow talks to resume with leaders of The Times' machine assistants.

Both groups of workers halted all negotiations with management last week after Mr Rupert Murdoch, the newspapers' proprietor, announced that compulsory redundancies would go ahead.

Mr Arthur Brittenden, corporate relations director of News International, the parent company, said last night "constructive" discussions were under way between the two sides.

The suspension of the redundancy notices had been agreed to enable negotiations to continue in a "more helpful atmosphere."

The outcome of the talks with clerical workers' leaders will depend on agreement being reached on the number and allocation of job cuts in the clerical departments.

Natsopa is likely to push for the bulk of the redundancies to be made through voluntary redundancy, with the rest coming from natural wastage. Chapel (office branch) officials made clear last week that they were not prepared to sanction any compulsory dismissals.

Yesterday's developments are also likely to forestall intervention by Natsopa's executive council, which is expected to discuss The Times when it meets tomorrow.

Ivor Owen writes: MPs were told yesterday that the transfer of the titles of The Times and Sunday Times from Times Newspapers to News International, Mr Rupert Murdoch's parent company, does not require the consent of Mr John Biffen, the Trade Secretary.

"But the validity of such a transfer without the consent of a majority of the independent national directors may well be open to doubt." the Minister stated in a written reply to Sir William van Straubenzee (C, Wokingham).

Mr Biffen did not comment on a suggestion by Mr John Smith, Labour's Shadow Trade Secretary, that Mr Murdoch had not acted within the spirit of the agreement when he attempted to transfer the titles without any reference whatever to the independent national directors.

Mr Biffen said he did not think that foreknowledge of recent events at Times Newspapers would have caused him to depart from his judgment not to refer the takeover bid by News International to the Monopolies Commission.

Ford paint shop strike may end

By Our Labour Editor

THE STRIKE of 37 paint shop workers at Ford's Halewood plant, in Liverpool, which has led to the laying off of 4,000 body plant and assembly workers, could be called off today.

The company said yesterday the stoppage, over the dismissal of a paint shop worker, would lose it 1,200 cars at a cost of £5m. The strike halted all line production on day shifts on Friday and yesterday.

Ford has recalled the 2,000 workers in the body plant to start the normal day shift at 8 am. At the same time, the union has called a meeting of the paint shop workers, followed by a mass meeting of the 2,000 assembly workers.

This follows a meeting yesterday morning by stewards from the paint shop and assembly and body plant with local officials of the Transport and General Workers' Union.

The TGWU would not comment last night on speculation that the officials and stewards had agreed to recommend a return to work by the paint shop.

However, the company said it had repeated its intention not to re-employ the dismissed worker.

Ford has said the worker had been dismissed before Christmas but was reinstated on an appeal from the TGWU and given a written warning.

Militant Tendency finances probe urged

BY PHILIP BASSETT, LABOUR CORRESPONDENT

AN INVESTIGATION into the "finances and secret organisation" of the Labour Party's Militant Tendency is backed by Mr John Ellis, the officially-recommended candidate in an election in the largest civil service union.

Voting is about to begin for the Civil and Public Services' Association deputy general secretary following the election of Mr Alistair Graham as general secretary. There are four candidates.

Another candidate, Mr John Mecreadie, is a militant supporter. He failed to win the general secretary election. He is standing for the lower post with full support of the union's militant-dominated broad left.

The right-dominated executive has again taken the unusual step of recommending one candidate—on the same document as are printed the candidates' election addresses which are being distributed to members marked "confidential."

Mr Ellis's address says he would like to see the bitterly politically divided union return to becoming "tolerant," but "I am completely opposed to the wrecking activities of the Trotskyist extremists who are trying to take over our and many other unions."

Mr Macreadrie attacks the media for its involvement in CPSA elections. "They stick cheap labels on the candidate they don't want and question his commitment to democracy."

He argues for one union in the Civil Service, a minimum weekly wage of £90 and affiliation to the Labour Party.

One of the other two candidates is Ms Diana Warwick. She is expected to pick up a large portion of the traditional left-wing vote, as well as a sizeable proportion of the moderate and women's votes.

Mr Peter Thomason may obtain many of the Post Office votes, which were crucial in Mr Graham's victory.

Rail talks building invaded

BY BRIAN GROOM, LABOUR STAFF

MR RAY BUCKTON, the train-drivers' leader, had a reminder yesterday of his members' opposition to flexible rostering. Scuffles broke out at British Rail's Euston headquarters when 35 railwaymen burst into the building to lobby talks with the BR Board.

The talks in the Railway Staffs National Council broke down, as expected, after an hour. Mr Buckton, general secretary of the Associated Society of Locomotive Engineers and Firemen, said BR was firm in its plan to introduce variations of the eight-hour day, and there was no point in negotiating further.

The flexible rostering issue will go to the Railway Staffs National Tribunal in mid-March for arbitration. The result will probably not be binding. Lord McCarthy, whose inquiry's findings two weeks ago returned the issue to the negotiating machinery, will be chairman.

The 35 railwaymen, with an Aslef banner, forced their way through revolving doors despite efforts of security men to keep them out. They held a meeting in the reception area addressed by Mr Steve Forey, Aslef branch secretary at King's Cross, who expected Lord McCarthy to find against the train-drivers.

Teachers to picket schools

Financial Times Reporter

TEACHERS ARE to picket 60 schools in the London Borough of Barking today as the National Union of Teachers steps up its industrial action against the Labour-controlled authority.

They want to stop the authority imposing economy cuts, including the loss of teaching jobs.

More than 900 NUT members representing 75 per cent of the teaching force, are staging executive-backed indefinite strike action.

Teachers from other unions will be allowed to cross the

Overtime limit sought

BY OUR LABOUR EDITOR

A CALL for the statutory limitation of overtime is to go to the foundry workers' annual conference next month.

The TUC last year adopted a policy calling for the strict limitation of overtime—seen by many unionists as exacerbating unemployment—but on a growing among unions which find themselves powerless to persuade their members to reduce overtime hours worked.

The motion, proposed by district committee 10A of the foundry section of the Amalgamated Union of Engineering Workers—whose conference is

Plessey appeals over sit-in

By Our Scottish Correspondent

PLESSEY said yesterday that it had appealed against a court ruling on Friday allowing workers to continue sitting in at the company's capacitor factory at Bathgate, Lothian. The hearing is on Thursday.

The company wants to close the factory at the end of this month, but on Friday the court

UK NEWS

De Lorean creditors seek Government aid over debts

BY OUR BELFAST CORRESPONDENT

REPRESENTATIVES of 158 creditors of De Lorean Motor Cars, who claim they are owed between £20m and £25m yesterday met Mr James Prior, Northern Ireland Secretary, to ask for Government help.

The Northern Ireland Chamber of Commerce, which led a deputation to Stormont, said Mr Prior agreed to ask the VAT authorities not to press the creditors for collection of the VAT element of the amounts owed to them.

Mr Jack Fetherstone, president of the chamber, said companies whose existence was threatened would also be able to approach the Northern Ireland Department of Commerce about assistance to maintain employment.

However, Mr Prior said the Government could not forego its status as a preferential creditor in favour of the unsecured creditors. He also turned down a request from the Government to guarantee bank loans to the creditors to cover up to 100 per cent of the certified debts for up to three years.

Mr James Molyneaux, Unionist MP for South Antrim—which takes in the De Lorean plant at Dunmurray—said he estimated that up to a third of the 158 creditors could face the danger of cl' sure but he could not put a figure on the number of jobs involved. He said Unionist MPs would question the Government in the Commons about the plight of supplier companies.

The Northern Ireland creditors of De Lorean, who have formed a committee, are owed sums ranging from less than £200 to £875,000. The majority of debts have been outstanding since October or November last.

Mr Fetherston blamed the Northern Ireland Development Agency and its two nominated directors on the De Lorean board for failing to alert people to the company's growing cash crisis.

He said Mr Prior could give no assurance that the Inland Revenue and the National Insurance authorities would not press the creditors for payment.

Creditors were satisfied with the arrangement made by the receiver to pay cash for goods supplied. They also recognised the need for Mr John De Lorean to continue to be associated with the sale of cars in the U.S.

Mr Fetherston said: "The job of the Receiver is now paramount and everyone feels he should be supported in his effort to find new financiers.

"What we have to ask if why De Lorean built up the labour force and boosted production to 400 cars a week, when, by all accounts, sales of the car were sluggish."

An injunction was granted yesterday in the Belfast High Court to Bosch Holdings of West Germany and Robert Bosch of the UK preventing De Lorean or the Receiver from disposing of equipment valued at more than £600,000.

Judgment was also granted to Northern Ireland company and two English companies against De Lorean Motor Cars for sums totalling almost £80,000 for goods supplied. This follows similar judgments granted to seven companies last week. The judgments against De Lorean are not binding on the receiver.

Smoking is good for jobs and taxes, report claims

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

AN INDEPENDENT report on the impact of the tobacco industry on the British economy published yesterday states that smoking directly supports 184,000 jobs, many in areas of high unemployment. The total is made up of 35,000 jobs in manufacturing, 105,000 in distribution, and 44,000 in upstream supply activities.

These jobs generate about £791m in personal pre-tax income, which through consumer spending generate a further £633m of national income and so provide an additional 80,000 jobs, according to the survey.

The Tobacco Advisory Council commissioned the report, "The UK Tobacco Industry: Its Economic Significance," carried out by Professor Donald MacKay of Herriot-Watt University in Edinburgh and Mr Ronald T. Edwards, an economist. Both of them belong to PIEDA, the company of planning and economic consultants, which issued the report.

"Direct taxation of tobacco goods in 1980-81 amounting to £3,445m or around 4.25 per cent of total current revenue of central government, still represents an understatement of the importance of the tobacco industry on the Exchequer," the report claims.

In the financial year to April 1981, excise duty on tobacco products was £2.82bn. Tobacco products provided an estimated £625m in VAT and the industry paid over £100m in corporation tax.

Tax on incomes from employment in tobacco manufacturing and retailing amounted to £111m. Revenue from activities associated with manufacturing and retailing and all other effects could be estimated at £383m.

According to a breakdown of regional employment of the tobacco industry in the UK about a quarter of the total, about 66,000 were employed in the South East, about 41,000 in the Midlands, 36,000 in Yorkshire and the North East and 34,000 in the North West.

Articulated tippers ban sought

By Alan Forrest

ARTICULATED TIPPING trailers are a hundred times more likely to roll over and cause accidents than equivalent rigid vehicles, according to a survey published today.

The survey was commissioned by Packington Estate Enterprises, a Solihull-based landfill site operator, and headed by Dr Bob Keen of Bristol Polytechnic.

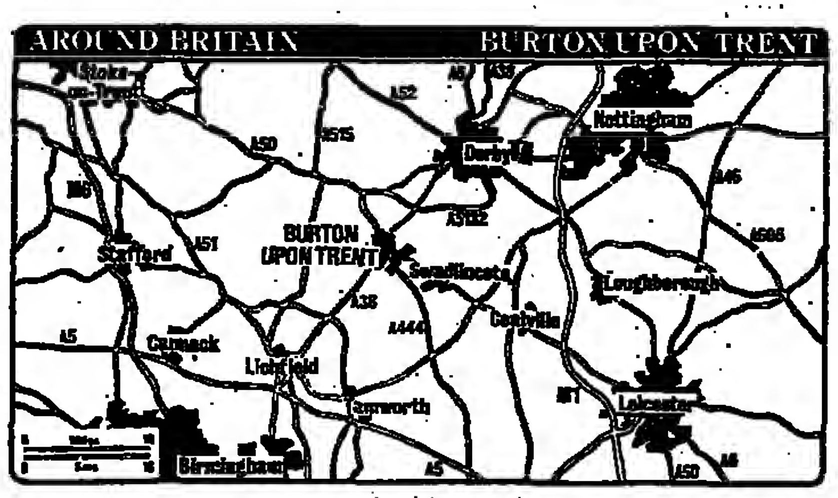
Packington, which decided against using articulated tippers some years ago, says an outright national ban should be considered.

Dr Keen's nationwide research lasted six months.

The Health and Safety Executive of the Department of Environment has confirmed that there is a "case to answer" regarding the dangers of articulated tipping trailers. It has recommended that funds should be made available for further research.

The town where a few pence on a pint of beer could cost jobs

The brewers have their fingers crossed about Sir Geoffrey's Budget next week, says **Lorne Barling**



BURTON UPON TRENT is keeping its fingers crossed for next week. If Sir Geoffrey Howe puts a few pence on a pint of beer in his Budget next Tuesday the Staffordshire town will lose jobs.

It has long claimed to be the centre of the brewing industry, although Warrington would dispute that claim now. About a third of its employment is in the breweries and for the first time since the 1930s the amount of beer produced has fallen.

Unemployment is 10 per cent. It is well below the West Midlands figure of 16 per cent, and there have been comparatively few redundancies in the breweries over the past 18 months.

This is largely because modern brewing such as that used by the two major companies—Bass Charrington and Allied Breweries—has involved heavy investment and is no longer labour intensive.

A further fall in beer consumption could bring more retrenchment, however. The various industries serving the brewers, such as printers, equipment suppliers, and keg manufacturers, would also suffer.

Long experience of budgets has taught the town that another 2p on a pint can be lived with but, if the Chancellor goes for 4p or 6p, demand will decline.

Locally, redundancies in any nearby town will mean sales will not fall for a few months, but short-time working will hit consumption immediately. In many parts of the Midlands this is what has happened.

Allied and Bass are two of the town's largest employers, each with workforces of more than 2,000. Marston Thompson and Evershed employs about 500 and the fourth brewery, Everard's, somewhat fewer. The two other main employers are Pirelli and BTR, both manufacturing rubber products.

Burton's long history of brewing, based on the quantity and quality of local well-water which still meets the demand of high-volume production, may have seen a decline in the number of companies but little change in basic technique.

Modern processes are highly automated, but there is always a magic moment when the head brewer says "give it another half-an-hour in the kettle," according to Mr Alan Smith, head of Allied's Ind Coope Burton Brewery.

He points out that yeast is a live substance which reacts differently all the time, and brewing is an imprecise art where new products are often evolved, rather than developed to specifications. If anything, demand for traditional skills has increased, with the trend back to "cask condition" or natural beers.

At Bass, an annual home-brewing competition is held among employees, who must use natural ingredients. The unflattering booby prize is a home-brewing kit.

Another return to past practice is seen in an attempt by two local publicans to brew their own beer for consumption on their premises, the Fox and Goose, so far with promising results.

Much of the town's brewing history, going back about 1,000 years, is depicted in the Bass museum. This was opened in 1977 during the company's bicentenary celebrations and is proving a valuable tourist attraction.

The company is bringing together and renovating its collection of historic motor vehicles and rail equipment for a permanent exhibition alongside the museum in old craft buildings which also house a restaurant.

Marston's has spent about £4m in the past three years on modernising its premises. It has maintained sales better than most competitors, due largely to the popularity of its Pedigree pale ale.

Mr Michael Hurdle, the managing director, says it is unusual for a brewer's strongest product, in this case Pedigree, to be its best selling product. He believes the Campaign for Real Ale (Camra) has helped sales considerably.

Marston's is atypical in spending little on advertising. "We would rather put the money into the pint and rely on our reputation," Mr Hurdle says, although the company is now looking more closely at its marketing operation.

A few years ago Marston's sales were growing at between 12 and 15 per cent a year, an unprecedented rate and due mainly to young people's higher income. This has slowed and Mr Hurdle cannot foresee a return to such levels.

Burton's brewers all predict a slow year ahead unless there is a hot summer. This could lift sales by at least 5 per cent. What they want is another 1976.

There were fears then about the wells drying up but, in spite of the thousands of gallons being drawn off, only a marginal fall in levels was detected. Such is the volume of underground flow from the Welsh hills.

Another benefit to the town derived from brewing is the use of yeast extract to produce Marmite and Bovril. Waste material from hops is used as fertiliser, and the remains of mashed grain sold as cattle feed.

The increasing attraction of fruit machines in pubs and clubs has brought machine suppliers to Burton where they have become important employers. Some export their products.

Many brewers believe the popularity of pub games is the most significant development in the industry for years. The advent of more sophisticated electronic games is increasing revenues further.

On the drinking side, the rising popularity of lagers is a notable change. Burton remains wedded to traditional beers. Local tastes are conservative and influence the brewing companies' marketing policies.

"We wouldn't dream of marketing a beer which did not meet local approval. People here have been drinking beer for a long time, and know a lot about it," one brewer said.

Slow dissolve may rescue the ailing cinema industry

BY JOHN CHITTOCK

THE INEXORABLE decline of the cinema continues in spite of the tenacity of its disciples. But recent developments indicate that the decline may be now turning into a slow dissolve—with video displacing the lingering image of the previous scene.

For those who doubt the decline, the statistics tell their own story. UK cinema attendances in August last year were down 9.59 per cent over the previous year. Swedish figures for the year ended June last year were down 7.31 per cent. Singapore down 12 per cent in 1981, and the number of new U.S. feature film productions scheduled for this year were down 8.63 per cent.

Vast range

The good news is that the film industry is now deeply committed to making its products available on video — after a long and suspicious courtship—and now the cinema owners at last look like embracing video too, instead of denying its existence.

As the displays in any video programme shop will confirm, a vast range of feature films are now available on video, and not only are all the old names of the film industry there (Warner, MGM, Universal) but some are actually joining up in video ventures (20th Century Fox and CBS; Columbia Pictures and Bell & Howell).

This month, a symptom of the changing attitudes of the cinema exhibitors appears at the Focus Cinema in Crewe, owned by Rank. Within the building of the existing cinema complex, Brent Walker will be opening a video lending library with a self-selection display of more than 1,200 tapes. Rank is quoted as saying: "Video is here to stay but it will always need the big screen to act as a market leader for the sale of feature tapes."

Video and Film

Brave and credible words. But the "big screen" itself looks like becoming a part of the video industry instead of the cinema business. The change is beginning with the 16 mm non-theatrical film, with some viewing groups deserting to video projectors. In the U.S., for example, the sales of video projectors in January were up 49 per cent over the previous year, and more film-based auditoria are slowly equipping themselves with video projectors.

The snag with electronic picture reproduction for large audience groups is the inferior technical quality. Generally, a video projected image is not as bright as a film image: it has poorer definition and the range of tones it can reproduce—from the very dark to the brightest highlights—is less.

But that situation is changing. Some video projectors can now yield a brighter image than film under the right conditions and the colour and sound fidelity is inherently superior to that which can be achieved with the photo-chemical processes of film. Only in respect of brightness range and definition is there a large gap between the two media.

Stereo sound

It comes as no surprise that the electronics industry is working on the problem, and—who would have guessed—the Japanese are making most of the headway. The work is centred on high definition television systems, and much of the pioneering over many years has been undertaken by NHK, the Japanese broadcasting organisation.

Earlier this year in Hollywood, NHK mounted a joint presentation with CBS to show the results of some of this work. Using 1,125 lines (instead of the U.S. 525, or UK 625), the NHK system yields a CinemaScope-type format with stereo sound. By employing wide band video transmission channels—such as might be available by satellite TV or fibre optics cable TV—the band width (which governs definition and brightness range) has been greatly extended.

The results, as observed by one respected U.S. expert, were "comparable in picture quality to 35 mm film." An American football game, recorded by television cameras operating on the system, was "spectacular." With less objectivity, perhaps, NHK's Director of General Engineering goes even further and claims that the system is capable of picture quality "equivalent to that of a 35 mm transparency and superior to that of 35 mm motion picture film."

Such statements are inflammatory in any column which is also read by film people, so I might add that it's all very expensive and there are still many operational matters to be sorted out. But the NHK system has serious implications because it is not merely an electronic image reproduction system that could displace film projection; it is also a programme production method which could make film cameras obsolete. American film director, Francis Coppola (of *Apocalypse Now* fame) has produced two experimental films using the system—*Six Shots* and *Double Suicide* and clearly sees some future for it.

Fibre transmission

In the meantime, the home viewing of films via the video-cassette machine is set to make further challenges to the conventional cinema. The impact of the big screen and the superior quality of 35 mm film could become less significant as the concept of the home video projector catches on. For those unwilling or unable to meet the higher cost and size of a domestic video projector, the conventional television set may offer better quality in the future.

In terms of definition and overall picture quality, domestic TV receivers are getting better—and still leave room for further improvement. Latest step in this direction is a proposal from the BBC, which suggests that satellite or optical fibre transmissions could yield improved quality for home viewers without any need to change from the existing 625 line standard.

Most present day TV sets are designed to have a frequency "roll-off" about 4 MHz for reasons associated with the current transmission system—but this would be unnecessary in the technical proposals from the Corporation.

The fireside

The quality advantage of the film-based cinema is thus in danger of being challenged. There will be fewer reasons for the public to desert their firesides, and even the traditional concept of the film critic may change. My own FT colleague who bears that job title—Nigel Andrews — is now reviewing feature films which have been released on videocassettes. How long before he, too, will find no reason to desert his armchair for the preview cinemas of Soho?

Welders' mask

A FACE mask for welders, heat resistant up to 600 deg C. has been announced by Huntingdon Fusion Techniques, 7, Clifton Road, Huntingdon, Cambs (0480 58675).

The unit weighs only 600 grammes, and, used with conventional eyepieces, is flat, flexible and when exposed to the heat of the welding arc will not harden nor crack, the company claims.

The satellite way to Europe

ELAINE WILLIAMS looks at British Telecom's plans to provide industry with access to satellites for business communication. The FT was the first to take advantage of the trials with page facsimile to Frankfurt for the paper's international edition.

BY THE END of 1983 British Telecom plans access for UK companies to satellites for private business communications to Europe.

Services such as electronic mail, teleconferences, high speed computer data and even conventional telephone calls will be offered.

For organisations needing to send large volumes of information over long distances as quickly as possible satellites could be more convenient and cheaper than existing systems.

But in order to assess the potential of such a service, British Telecom has plans to run 12 trials this year. Small dish aerials perched on office roof tops will transmit and receive digital data signals via the Orbital Test Satellite, the forerunner to Europe's first communications satellite system.

The Financial Times, however, was the first organisation in Europe to co-operate with British Telecom and Deutsche Bundespost, the German telecommunications authority in running business trials on the Orbital Test Satellite.

In November, the satellite linked the FT's London headquarters to Frankfurt where the international edition is printed.

For two weeks complete facsimile pages of the newspaper were transmitted from London to Frankfurt for production and distribution by road and rail across Europe and by air around the world.

As well as demonstrating remote printing in Europe for the first time—an important milestone for the European newspaper industry—it showed the tremendous potential for businesses which need to transmit rapidly large volumes of information around the world.

The data signals representing words and pictures were transmitted from a small dish on the roof of the Financial Times building, via the satellite to a small dish provided by Dornier, the West German aerospace concern, at the company's printers in Frankfurt.

Facsimile transmission at a speed of 154,000 bits a second (a bit is the smallest discrete piece of information which can be transmitted, equivalent to a binary 0 or 1) takes place over specially leased wide-band land lines.

Ashley Ashwood

The transmitting dish on the roof of the FT in Cannon Street in the City

The signal from London is bounced off the dish to the Frankfurt printing operation

Each page is represented by 40m bits—as the page is scanned thousands of an inch by thousands of an inch it should take 400m bits, but clever software distinguishes between black areas of the paper and pink and sends only the black areas—together with the information—needed to expand the data into a page of type.

Error checks

According to Mr Ken Barlow, the Financial Times' communications manager, sending facsimile over land links through Europe is fraught with problems.

The quality of the transmission line can vary, distorting the information at the other end, even though the information is checked for errors as it is transmitted.

When faults or breakdowns do occur it is often difficult to find out which part of the transmission line is at fault. With a satellite there is only the receiving and transmitting equipment to worry about.

For the trials, which cost about £10,000 to set up the link at each end, the usual error checks were ignored to simplify the experiment. Even so there were fewer problems transmitting the page than are normally experienced with the land-link, said Mr Barlow.

As well as technical superiority, Mr Barlow believes that for an organisation like the Financial Times savings of at least £100,000 a year in telecommunication costs could be achieved by adopting the satellite link.

For example, it costs about $200,000 to send copies of the newspaper to New York each year by air freight.

Mr Barlow reckons that renting a single satellite channel for a few hours each day could cost as little as $75,000 annually and the newspaper could then be printed directly in the U.S.

He is keen that the Financial Times takes part in further satellite trials with remote printing at several European locations.

Originally, it had been hoped that the November trials would have involved transmitting pages of the newspaper to Stockholm, Paris and Rome, but administrative and minor technical problems prevented this.

As well as saving money, satellites could improve the service to readers and offer new types of services such as electronic mail for the newspaper—all applicable to any type of business.

British Telecom expects that the total capital cost of providing a small dish satellite service in Europe will be about £100m.

Agreement was reached two years ago to start the service after the launch of ECS, the first European communications satellite run by Eutelsat and Telecom 1, the French domestic satellite.

Coverage will range from the Shetlands to Gibraltar and from Sweden to Greece.

British Telecom has already announced a link up with Satellite Business Systems to allow UK customers access to the private system run by SBS throughout the U.S., by the end of this year.

Big companies

SBS was set up jointly by IBM, the computer company, Comsat, a U.S. satellite company and Aetna Life and Casualty, an insurance organisation.

In the U.S. a few banks, insurance houses and other big companies—General Motors is an example, have small dish aerials for satellite reception installed on office rooftops.

It is used for computer data, electronic mail, video conferences or, simply, for conventional telephone conversations.

Better quality television pictures

BBC engineers claim to have developed a better quality television picture which can be used when satellites and fibre optic cables broadcast television signals in the UK.

They say that the new system will not interfere with the transmission to conventional television receivers but will be able to make good use of the larger frequency band offered by satellites and fibre cables.

At present, colour television quality is restricted by the bandwidth—the frequency spread—of the broadcasting channel. While this is adequate for black and white pictures, colour signals—which carry more information—suffer such effects as false colour.

Normally, the black and white and colour information are interleaved to avoid interference between them.

With the wide bandwith satellite channels it will be possible to move the various signals further away from each other.

De-grease tanks

WICKHAM Industrial Equipment, Norton Road, Stevenage, Herts (0438 4041), has announced a new range of mechanically operated degreasing tanks, which, using its "Gensol" degreasing fluid can remove dirt and grease from intricate components with an immersion time up to half an hour.

Aluminium without electricity

By Charles Smith in Tokyo

MITSUI ALUMINA, one of three aluminium-related companies in the Mitsui group, has developed a method of smelting and refining aluminium which cuts out the use of electricity.

The discovery could be of vital importance to the Japanese aluminium industry which relies on oil-fuelled power stations for 75 per cent of its electricity consumption and, accordingly, has the highest production costs in the world.

The Mitsui Alumina method, which is the result of ten years research by a group led by the company's 71-year-old president, uses coking coal to separate oxygen from the metal particles in bauxite in much the same way as is done in the steel industry.

Pilot plant

The process requires a temperature of 2,000 degrees C. It is followed by a separate refining process which produces aluminium ingots of 99.9 per cent purity (compared with the 99.7 per cent pure aluminium produced by electricity).

Mitsui Alumina has been operating a small pilot plant using its process for the past year and now seeks help from the Ministry of International Trade and Industry for development work on a larger processing facility.

The company says it expects its process to cost substantially less than the conventional method of producing aluminium at least in Japan. How much less will not be clear until trials have been carried out with a larger plant.

Mitsui Alumina's announcement of its discovery comes at a time when the Japanese government is grappling with the problem of how to reduce the industry's production capacity to minimise losses.

The Ministry wants to cut back domestic smelting capacity to 700,000 tons by 1985 from the current level of about 1.1m tons. At one time Japanese aluminium smelters were capable of producing as much as 1.6m tons, but the first (1973) oil crisis dealt the industry a blow from which it has never fully recovered.

Japanese aluminium smelters have compensated for domestic capacity cuts by stepping up their involvement in overseas smelting ventures such as the Asahan project in Indonesia. The development of a viable alternative to the traditional smelting process using electricity could, just conceivably, make it possible for the industry to cancel its capacity scrapping plans and resume domestic expansion.

An argument about a premise

Planning permission can be a sticking point for many an entrepreneur. Tim Dickson reports

AS SOMEONE who makes it his business to help move large loads over soft ground, 58-year-old Michael Dodson knows all about that sinking feeling.

When he started making excavator mats and timber roads eight years ago, however, he could hardly have anticipated the planning quagmire which now threatens to swallow up his Winchester-based company, Sarum Farms.

Like many small businessmen, Dodson is at odds with his local authority, though in his case he is fighting for survival.

Last September Winchester City Council (against the advice of its own planning officials) turned down Sarum's first application for permission to continue using its five-acre site for industrial purposes, as it has been doing—without planning permission—for eight years. (Previously, Dodson had a chicken farm there.)

A second request is due to be heard at a meeting of the committee this Thursday, but unless councillors suddenly change their minds it looks as though this one will also be thrown out.

Dodson's scope for manoeuvre would then be limited. The council has already issued an enforcement order, which was upheld on appeal, and come September, when the order to cease his activities will take effect, Sarum Farms will literally be stopped dead in its tracks.

What gives Dodson's campaign a special twist, however, is a document known as circular 22/80, which was despatched to local authorities in 1980 by Michael Heseltine, the Environment Secretary. This encourages planning authorities to take a more lenient attitude towards small businesses even where (like Sarum Farms) they start up in contravention of the planning laws.

Circular 22/80, in fact, has already been cited in Dodson's favour by no less an official than Winchester City Council's Deputy Director of Planning, Patrick Pym. Last September he recommended that Sarum Farms be granted "restricted" permission to develop its site, pointing out that "the fact that the use of a piece of land was out of keeping with its surroundings should be no reason for refusing planning permission or taking enforcement action. Circular 22/80 said permission could only be refused if the development caused a nuisance or constituted a danger to health."

Upholding the subsequent enforcement order at an appeal last October, a Department of the Environment Inspector ruled that Sarum Farms should be allowed to continue in business for a further 12 months. Again referring to Circular 22/80, however, he urged both parties to attempt to negotiate an agreement which would permit restricted use of the site. Dodson has been happy to talk (and to sign undertakings to limit his expansion) but so far the Planning Committee has refused to negotiate — hence Thursday's new planning application.

Dodson and his wife Leila (also a director of Sarum Farms and "a marvellous sounding board," says her husband) are surprisingly undaunted by their current difficulties. "We know what it's like to have virtually nothing and we are not going to give up easily," they say.

The couple moved onto their present site in 1958 and though they spent the next 15 years rearing chickens, the idea for making timber mats and roadways took root as early as 1959.

Sleepers

"The contractor putting up our first chicken houses found that his excavators were sliding around during wet weather," Dodson recalls. "He told us that he might not be able to finish the job in time and since we had a delivery of chicks arriving in a few days we had to act quickly. All I did was to tie some old railway sleepers together with a bit of wire and make them into a platform for the machines."

Such simple inventiveness served him well when he packed up the chicken business in 1974 because of rising costs.

Necessity, they say, is the mother of invention and that is as suitable a commentary as any on what has happened since. Slowly but surely Dodson has developed a range of mats, runways and roadways for temporary or permanent access or as work platforms for the contracting industry.

From a standing start in 1973 sales at Sarum are now running at £500,000 a year and the company can boast an impressive order book and a wide range of uses for its products.

Sarum Farms' temporary roadways were used in a major operation last year to transport a 200-ft vacuum distillation tower across soft ground at Fawley, near Southampton. And an impressive number of major contractors (Badger, Pullman Kellogg, Fluor Construction and Bechtel) are listed in the company's order book.

The origins of the current planning dispute date back to the demise of the Dodsons' chicken farm. Besides looking around for a new activity for themselves the Dodsons decided, with conspicuously successful results to turn the redundant chicken houses into small business premises. The rent provided them with a useful income for a couple of difficult years.

The Rural District Council "smiled" at this unauthorised development, but Winchester City Council, with which the RDC merged in 1974, was determined to apply the letter of the law.

At one stage there were 28 small firms (some of them now successfully located elsewhere) operating from the Sarum Farms "workshops." In 1977, however, 16 of them (led by Dodson) lost an appeal for planning permission and were given a year to get out—in the event the last one did not move until 1980.

Dodson's own business was unaffected by this action and it was not till 1979 that the Council started to get uneasy about activities at Sarum Farms itself.

Pym told councillors last September that Sarum's application had provoked local hostility—the council had received protest letters from 24 people and a petition containing 37 names.

Pym, however, said then that the planners had no objection and echoed Dodson's case—"the landscaping which has taken place is first class," and the noise generated very low. Like Dodson, he did not believe the firm could find another suitably large site on an industrial estate. (Sarum has applied for alternative premises but the Council has not been able to help.)

Although some councillors at the September meeting were concerned about the loss of jobs (15 are now at stake) and wanted to grant at least temporary planning permission, those who were worried about traffic problems and setting a precedent carried the day.

Letters from Dodson to the Department of Environment drew the following comment last month from Giles Shaw, Parliamentary Under Secretary: "I am very sorry if it is indeed the case that the City of Winchester Council is not prepared to negotiate an agreement under Section 52 of the Town and Country Planning Act . . . But . . . whether it is prepared to enter into such an agreement is entirely a matter within the Council's discretion. Neither Michael Heseltine nor I can compel or persuade it to do so."

Tory councillor Albert Epps, who is chairman of the Planning Committee, voted for Dodson last time and clearly sympathises with his plight. "I am very much in favour of the Circular 22/80 guidelines," he says, "and where possible I try to influence the committee to abide by them. I think small rural communities have got to be able to provide space for entrepreneurs and thereby employment for young people living there. It is important to have a social mix and stop everybody drifting to the big towns. We have a structure plan to protect the environment but this is not incompatible with a little discretion in certain cases. Businessmen, however, have to be prepared to fight."

Nobody can condone the breaking of a planning law—strictly speaking the Dodsons' "crime"—but small businesses as in this case, often spring up in an uncontrolled and unplanned way. Heavy lorries may well be a sufficient hazard to scotch the application but by refusing to negotiate, Winchester City Council—where unemployment is well below average but still above 4 per cent—may not be showing sufficient regard for Circular 22/80.

Roger Taylor

Leila and Michael Dodson: "We are not going to give up easily"

In brief . . .

NORTH Yorkshire County Council is launching a Small Business Grant Scheme next month. Companies employing less than 20 skilled workers will be eligible for grants up to £1,000 per annum for three years provided the investment takes place within the county. In exceptional circumstances £2,000 could be offered.

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AWARDS FOR small businessmen are good public relations for the sponsors but they also serve to shake out good, if not necessarily world shattering, ideas.

The financial services group, Bowmaker, for example, recently announced that cash prizes totalling £20,000 are being offered in its 1982 Industrial Achievement Award for smaller businesses. The aim is to encourage new ideas, products or markets along sound business lines. Further details from The Secretary, Industrial Achievement Award, Bowmaker House, Christchurch Road, Bournemouth BH1 3LG. Closing date April 30.

Hill Samuel has also announced £150,000 of prize money for what it calls "incentive awards" to manufacturing companies. Businesses have to be at least two years old, British owned and have turnover of no more than £2m a year. Applications from Hill Samuel, 100 Wood Street, London EC2P 2AJ or any of the enterprise agencies. Closing date March 31.

American Express International Banking Corporation is offering prizes to teams affiliated to the British Junior Chamber of Commerce which come up with an original export idea. The cash prize is £650 and the closing date is also March 31. Applications to Graham Green, British Junior Chamber of Commerce, Old School, Elmdon, Nr Saffron Walden, Essex.

●

A FLUSTERED and overjoyed small businessman stepped up recently to receive a small business award. "I would like to thank my dear wife for the vital part she has played in my being here today," he told the assembled company. "If it were not for her constant nagging and repeated insistence that I could not suceed with the idea I would not have been sufficiently determined to go ahead."

Dearer EEC funds may provoke reluctance to invest in assisted areas

TREASURY PLANS to increase the cost of foreign exchange cover on EEC loans have been criticised publicly by Sir Charles Villiers, the chairman of BSC (Industry), which was set up by British Steel to encourage the creation of new businesses in steel closure areas. Other institutions which act as UK agents for the European Investment Bank (EIB) and the European Coal and Steel Community (ECSC) are also deeply unhappy about the proposal.

"Cheap European loans, particularly those from ECSC, are, in our experience, a major and cost effective way of attracting investment and increasing employment in the assisted areas affected by steel closures and redundancies," Sir Charles says in a letter to Patrick Jenkin, the Industry Minister. "If proposals to increase the cost are implemented the attraction of these loans will be diminished and efforts to revitalise the steel towns impeded."

Something like 80 per cent of EIB and ECSC lending has in the past gone to companies with fewer than 200 employees. Originally loans were only available from the Industry Department but because of the slow initial take-up, "global" loan schemes were arranged through financial institutions like Industrial and Commercial Finance Corporation (ICFC), the Scottish and the Welsh Development Agencies and the clearing banks.

Under these arrangements the institution takes a tranche of money from the EIB or ECSC and parcels it out to smaller applicants—usually in chunks of £50,000 or less. Almost £40m has been earmarked under the seven existing global loans schemes and a further eight institutions are apparently negotiating to join in.

Money from the EIB and ECSC — which is available in sums ranging from £5,000 to many millions of pounds for projects in the assisted areas — has always come in a cocktail of different currencies. The big attraction to the borrower is that the interest rate (currently 11 to 11.5 per cent) reflects this currency mix while protection against foreign exchange fluctuations is provided by the Government for borrowers in return for a flat 1 per cent premium in Special Development Areas and Northern Ireland or 2 per cent in Development Areas.

The total cost of the loans (including the agent's arrangement fee) thus works out at the moment at about 14 per cent — a good 2 percentage points below what companies might otherwise expect to pay on fixed rate money from the banks.

Certain Ministers, however, are concerned that by underwriting the foreign exchange risk. (In theory low interest ing up a very substantial contingent liability—about £500m has been lent since the schemes were first introduced in 1978 and a further £400m of cover was recently authorised for the period ending December 1983.

In view of this the Treasury has decided to abolish the current flat rate levy and to calculate the charge by reference to the "broadly commercial rate" (currently 17½ per cent) minus 3 percentage points. The new formula, which will only affect new borrowers, means that the "harder" the currency mix the bigger the premium which the Government will collect to cover its risk. (In theory low interest) rate currencies like the Swiss franc are more likely to appreciate against high interest rate currencies such as sterling.)

The new system is essentially a compromise between the Treasury, which some feel would like to kill off EIB and ECSC loans altogether, and officials in the Industry Department who fear that the increased cost of European money may deter badly needed investment projects in the assisted areas. There is no evidence for this at the moment but the reaction of future applicants to the new terms will be closely watched.

The Department of Industry is keen to stress that money lent through agencies will continue to be covered under the more attractive flat-rate terms until their existing tranches dry up. Institutions negotiating at the moment will also be covered initially under the old terms.

Officials also point out that ECSC money is still significantly cheaper than normal bank funds thanks to the interest rebates of 3 per cent provided by ECSC in the first five years.

The UK is the second biggest recipient of EIB funds and British companies take up half the ECSC Budget for interest rebates.

T. D.

FT COMMERCIAL LAW REPORTS

Principal not bound by unauthorised undertaking

BRITISH BANK OF THE MIDDLE EAST v *SUN LIFE ASSURANCE COMPANY OF CANADA (UK) LIMITED*

Court of Appeal (Lord Justice Stephenson, Lord Justice Ackner and Lord Justice Griffiths): February 19 1982

WHERE a manager has no actual authority to sign an undertaking on behalf of his company in that the undertaking is unrelated to the company's business, he cannot, by confirming the authority of a similarly unauthorised undermanager to sign it, clothe the undermanager with an ostensible authority so as to bind the company.

* * *

The Court of Appeal so held when dismissing an appeal by the British Bank of the Middle East from a decision of Mr Justice Milmo (March 12 1981) that the bank was unable to recover a sum from Sun Life Assurance Company of Canada (UK) Limited, a life insurance company with no mortgage business, under an undertaking in respect of a mortgage allegedly signed on Sun Life (UK)'s behalf.

LORD JUSTICE ACKNER giving the judgment of the court, said that the bank lent money to a property company. It took a floating charge over the company's property, and obtained an undertaking from Sun Life (UK) that it would repay certain of the sums advanced.

Sun Life (UK)'s business was limited to life insurance, whereas its parent company in Canada lent money, invested money and took mortgages. Any mortgage applications made through a Sun Life (UK) branch were sent on to the parent company, the branch office acting only as a conduit pipe. The decision whether to grant the mortgage was the sole preserve of the parent company.

Each of Sun Life (UK)'s branches had a branch manager who was, in effect, the leader of a team of salesmen. Beneath him was a unit manager who supervised the sales representatives. The undertaking in the present case was signed by the unit manager of Sun Life (UK)'s City branch in Chancery Lane.

The form of undertaking recognised that it had to be executed on behalf of Sun Life (UK) by its duly authorised representatives. Since only the unit manager had signed, the bank wrote to the "General Manager" at the City branch, seeking confirmation that the unit manager was empowered to issue undertakings on behalf of *Sun Life (UK) under his sole* signature.

There was no "general manager" at the City branch. The branch manager wrote to the bank in reply confirming that the unit manager was "handling the entire mortgage negotiations" in respect of the property company, "and his authority in this matter is confirmed."

The bank interpreted that as confirming the unit manager's authority to sign the undertaking; but the branch manager had no authority himself to give such undertakings nor to authorise anyone else to do so.

Two further undertakings were executed by the unit manager. The sums involved amounted to £120,000. When the date for payment arrived, the undertakings were not honoured. The bank recovered a significant proportion direct from the property company, and proceeded against Sun Life (UK) for the remainder.

At the hearing of the claim the bank conceded that the unit manager did not have *actual or implied* authority to give the undertakings; but it contended that he had *ostensible* authority arising from the confirmation of his authority by his immediate senior, the branch manager.

Sun Life (UK's) managing director said in evidence that if an inquiry came in as to the authority of a unit manager, the branch manager would be "expected" to answer that the unit manager was entitled to sell or solicit business, but that he had no power to grant a mortgage.

Whether the unit manager had *ostensible*, or *apparent* authority, turned on whether the branch manager had *actual* authority to give the confirmation. The principles to be applied were found in *Freeman and Lockyer v Buckhurst Park Properties [1964] 2 QB 480.*

Mr Gatehouse for the bank, replied on Lord Justice Diplock's statement at pages 504-505, "in order to create an estoppel between the corporation and the contractor [the bank], the representation as to the authority of the agent which creates his 'apparent' authority must be made by some person or persons who have 'actual' authority from the corporation to make the *representation.*"

Mr Gatehouse submitted that on the answers elicited in cross-examination, the branch manager had *actual* authority from Sun Life (UK) to make the representation which he did.

*

However, Lord Justice Diplock said "where the agent upon whose 'apparent' authority the *contractor relies has no* 'actual' authority from the corporation . . . the contractor cannot rely upon the agent's own representation as to his 'actual' authority. He can only rely upon a representation by a person or persons who have 'actual' authority to manage or conduct that part of the business of the corporation to which the contract relates."

It was clear that the branch manager had no actual authority to manage or conduct that part of the business of Sun Life (UK) to which the *undertakings* related. Sun Life (UK) conducted no mortgage business at all.

Mr Gatehouse was accordingly obliged to submit that the latter part of the excerpt from the judgment ran contrary to what Lord Justice Diplock said earlier. That was not so. The latter part of the excerpt was but a further analysis or explanation of what must be established to enable a contractor to enforce against a company a contract entered into on its behalf by an agent who had no actual authority.

*

When Lord Justice Diplock came to summarise the four conditions which must be fulfilled, condition number (2) was that "such representation was made by a person or persons who had 'actual' authority to manage the business *of a company, either* generally or in respect of those matters to which the contract relates."

The branch manager did not meet the specification required in that condition. Moreover, it could not validly be said that the cross-examination elicited *actual* authority to make the representation. Any employee and his superior was "expected" accurately to state the limits of his authority. That did not mean that he had *actual* authority to misstate those limits.

If the branch manager had been the signatory of the undertaking, his own statement as to the extent of his authority to bind his employers could not have clothed him with ostensible authority. An *agent could* not give himself an appearance of authority so that it bound his company without any complicity on the company's part.

It would therefore be odd indeed if the branch manager's unauthorised and inaccurate statement in regard to his underling should bind his employers, whereas the same result would not have occurred if it had related to himself.

The branch manager had no actual authority to write the letter to the bank and *accordingly* he did not clothe the unit manager with ostensible authority to sign any of the three undertakings which formed the basis of the bank's claim.

Appeal dismissed.

For the Bank: R. A. Gatehouse QC and Murray Pickering (Coward Chance).

For Sun Life (UK): Leonard Hoffman QC and Andrew Smith (Freshfields).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

RUMOURS persist that all is not well with the Champion Hurdler Sea Pigeon. Mr Pat Muldoon's outstanding dual-purpose horse is now out of several ante-post lists on the hurdling crown.

Other bookmakers have pushed his odds to 8-1, a price *which none from the small but* usually informed group of ante-post backers seems interested in taking.

An immediate decision on the *great hurdler's participation* is likely tomorrow, following the veteran's gallop on Town Moor.

In spite of the unease over Sea Pigeon, little has been seen of the others over the past few days. Heighlin, in particular, is near friendless.

Those considering a bet on the Elsworth gelding will almost certainly do best to wait until March 16 and then either take a price in the early betting skirmishes or rely on a favourable starting price.

Adverse rumours concerning Heighlin's final preparation were rife 48 hours before last year's Champion Hurdle and the second favourite was easy to back at 7-1 after opening at about half those odds. He never showed with a chance and finished ninth of 14.

Elsworth's lack of confidence on that occasion after a highly encouraging run by Heighlin in the Kingwell Pattern Hurdle was partly responsible for that starting price. He will be pinning his hopes on a lesser light at about 4.30 this afternoon.

His interest will be centring on Reales in the second division *of Plumpton's Wallands Novices* Hurdle. An expensive failure for some on his introduction at Fontwell last week, Reales, a beaten favourite there, is worth *considering.*

PLUMPTON
2.00—Fitzherbert*
2.30—Mount Temple
3.00—Indiana Dare***
3.30—Rathlek
4.00—Shackleton's Flier
4.30—Reales**
5.00—Charjim

TELEVISION

BBC 1

6.40-7.55 am Open University (uhf only). 9.35 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bod. 2.00 You and Me. 2.15-3.00 For Schools, Colleges. *3.53 Regional News for England* (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Animal Magic. 5.05 John Craven's News*round.* 5.10 Grange Hill.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.55 Bugs Bunny.
7.05 Doctor Who, starring Peter Davison.
7.30 A Question of Sport.
8.00 Emery presents "Legacy of Murder," starring Dick Emery.
8.35 Taxi, America's comedy hit starring Judd Hirsch.
9.00 News.
9.25 David Bowie in "Baal," by Bertolt Brecht.
10.30 Everyman (A report on the return of supernatural to British religion).
11.20 In Conversation: Sue Lawley with the first of three Tuesday night interviews.
11.50-11.55 News Headlines.

Chris Dunkley: Tonight's Choice

An outstanding if frustrating night's television. Early on BBC 2 offers The Maltese Falcon as the first in its season of six Huston films starring Humphrey Bogart. Here he plays Sam Spade, the achetypal hard-boiled private dick, and Peter Lorre and Sydney Greenstreet unforgettably play two of his assorted opponents. It gets easily into my list of "Ten Most Enjoyable Movies Ever" and even hovers around the bottom of my "Twenty Greatest."

At 9.00 ITV transmit A Voyage Round *My Father, John* Mortimer's poignant account of his own youth and memories of his blind and eccentric father, played here by Laurence Olivier with astonishing gusto and even occasional vigour as well as the insight and sympathy one might expect from a man who is himself not only getting old, but now sadly familiar with illness. Director/producer Alvin Rakoff has done a beautiful yet unobtrusive job in taking the play off the stage and setting it in its true context: in fact in the actual house and garden belonging to the Mortimers.

The frustration comes with the clash at 9.25 when BBC 1 screen Baal, Berholt Brecht's first play, with David Bowie in the title role of the anarchic nightclub singer, at least partly biographical, presumably.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.55 pm Leslie Sarony in the Old Boy Network.
4.35 Seapower.
5.05 Gillian Tingay plays Hasselmans on the harp.
5.10 Tanzania.
†5.40 Laurel and Hardy in "Perfect Day."
6.00 The Waltons.
6.45 News Summary.
†6.50 "The Maltese Falcon," starring Humphrey Bogart.
8.30 Russell Harty.
9.00 Pot Black 82.
9.25 One Man and His Dog.
10.05 The Barbican.
10.50-11.40 Newsnight.

LONDON

9.35 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30. The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News, with Robin Houston. 1.30 Take The High Road. 2.00 After Noon Plus. 2.45 The Sandbaggers. 3.45 Welcome Back, Kotter. 4.15 Dr Snuggles. 4.20 On Safari. 4.45 CB TV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News, with Andrew Gardner and Rita Carter.
6.20 Help! with Viv Taylor Gee.
6.30 Crossroads.
6.35 Reporting London.
7.30 Max Bygraves—side by side with Eric Sykes, plus Geoff Love and his Orchestra.
8.00 The Glamour Girls.
8.30 Top of the World, presented by Eamonn Andrews.
9.00 "A Voyage Round My Father," starring Laurence Olivier and Alan Bates.
10.30 News.
11.00 Snooker.
12.00 Superstar Profile: Sally Field.
12.25 am Close: "Sit Up and Listen" with Wynford Vaughan Thomas.

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Does the Team Think? 6.00 About Anglia. 7.00 Peterborough Festival of Country Music. 12.00 The Jazz Series: Tonight's guests are trumpeter Kenny Baker and trombonist Don Lusher. 12.30 am Tuesday Topic.

BORDER

1.20 pm Border News. 3.45 Does the Team Think? 5.15 Radio. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Border News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Does the Team Think? 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm. 12.00 Central News. 12.05 am *Tuesday Jazz and Blues: Koko Taylor.*

CHANNEL

12.30 pm Bygones 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Square One. 5.20 Crossroads. 6.00 Channel Report. 6.30 Does the Team Think? 7.00 Private Benjamin. 11.00 Channel Late News. 12.00 Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.30 am First Thing. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Does the Team Think? 6.00 North Tonight. 7.00 The Two of Us. 12.00 North Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Take the High Road. 2.30 Old Salts. 3.45 Does the *Team Think?* 5.15 Diff'rent Strokes. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 12.00 Late Night from Two.

HTV

12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Does the Team Think? 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 The Comedians. 7.00 Emmerdale Farm. 10.58 HTV News.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Am Gymru. 11.39-11.54 About Wales. 12.00-12.10 pm Trehetiau: 4.15-4.45 Camigem. 5.10-5.20 Mr. Magoo. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News. 1.30 The Electric Theatre Show—David Tomlinson. 3.45 Does the Team Think? 5.10 Tales of Crime. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Take the High Road. 12.00 Late Call.

TSW

12.30 pm Bygones. 1.20 TSW News Headlines. 3.45 Square One. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Does the Team Think? 7.00 Private Benjamin. 11.00 TSW Late News. 12.05 am Postscript. 12.10 South West Weather.

TVS

1.20 pm TVS News. 3.45 Does the Team Think? 5.15 Radio. 5.30 Coast to Coast. 6.00 Coast to Coast (continued) 7.00 The Real World 12.00 The Entertainers. 12.30 am Company.

TYNE TEES

9.25 The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Riders. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 11.00 North East News. 12.00 Being With God.

ULSTER

1.20 pm Lunchtime. 3.45 Does the Team Think? 4.13 Ulster News. 5.15 Radio. 5.30 Good Evening Ulster. 6.00 *Good Evening Ulster.* 7.00 Emmerdale Farm. 10.59 Ulster Weather 12.00 News at Bedtime.

YORKSHIRE

12.30 pm Does the Team Think? 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Benson. 6.00 Calendar (Emley Moor and Belmont editions) 7.00 Emmerdale Farm.

RADIO

(S) Stereophonic broadcast

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 Paul Burnett. 3.30 Steve Wright. 5.00 Andy Peebles. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

BBC 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 Jan Leeming (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 One Man's Variety with Vince Hill. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 *Morning Concert (continued).* 9.00 News. 9.05 This Week's Composer: Beethoven (S). 10.00 Song Recital (S). 10.40 Finnish Quartets (S). 11.35 Music for Flute (S). 12.10 pm BBC Welsh Symphony Orchestra, Part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, Part 2 (S). 2.15 John Sheppard (S). 3.00 Dutilleux and Bartok piano recital (S). 3.40 BBC Scottish Symphony Orchestra (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 The Composed Voice (talk by Ena Griffiths on poetry). 8.00 A Brahms Concert from the Royal Festival Hall, London, part 1 (S). 8.20 So My Particular Friend. 8.40 A Brahms Concert, part 2 (S). 10.05 *Two Sides to my Head.* 10.25 Britten string quartet recital (S). 11.00 News. 11.05-11.15 Carlo Farina (S).

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 6.35 *Yesterday in Parliament.* 8.57 Weather, travel. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News, travel. 11.05 Thirty Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 You and Yours. 12.27 Quote Unquote (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Bleak House by Charles Dickens. 4.00 Ebdon's England. 4.15 Town Teacher. 4.45 Story Time 5.00 PM: News magazine. 5.50 Shipping *Forecast.* 5.55 Weather, *programme* news. 6.00 News including Financial Report. 6.30 Brain of Britain 1982 (S). 7.00 News 7.05 The Archers. 7.20 Medicine Now. 7.50 Animal Language (S). 8.20 Take a Message to the Moon. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Semi-Circles. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News

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Tuesday March 2 1982

Threats to the Gatt rules

TEMPERS ARE running so high in Washington about U.S.-Japan trade relations that it looks as if no series of specific measures readily available to Tokyo will be adequate to bring about a reduction in tension. Mr Masumi Esaki, a former Japanese Minister of Trade and Industry, has been in Washington explaining the Suzuki Government's programme of accelerated tariff cuts, measures to haul down 67 non-tariff barriers and the formation of a trade ombudsman's office. But his reception seems to have been at best cool and at worst hostile.

Now the Japanese Government is suggesting joint ministerial discussions to promote understanding at the highest level. At the same time Mr Zenko Suzuki, the Prime Minister, has fired a warning shot across Washington's bows about "reciprocity."

Frustration

He was right to point out that trade reciprocity, as it is presently conceived in Washington, would be damaging to the world trading system. It means that the U.S. should give access to its market only to the same degree that its companies receive access to the markets of others. Reciprocity has become the catch-all slogan, around which all the pent-up frustration in the U.S. about access to the Japanese market and the success of the Japanese export drive in the U.S., has crystallised. The threat to Japan is clear: if its market is not perceived to be as open as that of the U.S., then the U.S. should turn back Japanese exports. But this is a very dangerous course for the U.S. to contemplate.

The U.S. benefits as much as any nation from a set of trading rules, the General Agreement on Tariffs and Trade (Gatt), which sees the movement of goods as a system of multilateral, not bilateral exchanges. This is why it has long supported the Gatt.

The basic principle of the Gatt is non-discrimination, enshrined in its first article—the most favoured nation clause. This commits all the signatories to grant each other the same treatment on market access: no single nation should be granted special privileges, or indeed, special penalties. While the principle has been flawed in application, it has nonetheless played a major part in fostering the exchange of goods and preventing the trading world, since World War II, from splitting into compartments.

As recession grips the major economies, the maintenance of a trading system as open as possible has become a matter of paramount importance. Already there has been a slide into bilateralism — a search to resolve trading problems with one partner outside the Gatt framework through voluntary export restraints and orderly marketing arrangements. This trend could become irreversible if two of the three dominant powers sought to resolve their differences, or impose temporary solutions to disputes, outside the Gatt rules.

Pressure

The process would not stop in Washington and Tokyo. Almost inevitably pressure would build in the EEC for measures against Japan similar to those currently discussed in Washington. There has already been a foretaste of this. As soon as the Reagan Administration, urged on by Congress, last year persuaded Japanese car manufacturers to restrain their exports to the U.S., there was a demand in the EEC for analagous treatment.

Washington and Tokyo therefore have an obligation, based on their own mutual advantage, to exercise restraint and conciliation. For its part the Reagan Administration should state unequivocally that it is opposed to reciprocity as it is presently discussed. Although it has not decisively espoused the idea, senior officials have expressed their sympathy and have given tacit approval to it in some congressional bills.

Angry

But there are also special responsibilties on Tokyo. Its action on trade barriers this year is an implicit acknowledgement that it is not operating a market which is as open as it should be. The Suzuki Government has shown it is ready to make more concessions to the U.S. and EEC, and it should do so quickly. As an urgent step it should pull down barriers to agricultural imports where the U.S. can properly claim a comparative advantage, which is less often apparent for American manufactured goods. Internal politics make this difficult, but it might serve to deflect the attention of a number of angry congressmen in Washington whose vision of the world trading system is probably less acute than that of the Tokyo Government.

Financing the company sector

THE CASE stated by the Confederation of British Industry for a cut in the National Insurance surcharge has been argued on the need to reduce costs and improve competitiveness and profit margins; but this week the London Business School has stated a rather different case. Observing the reluctance of British industry to borrow externally, it has argued that relief for the corporate sector is required to provide finance for investment, and that it would be legitimate to finance this relief out of a higher PSBR. This is because companies tend to borrow exclusively from the banks, whereas government can borrow in less inflationary ways.

Important truth

Shorn of inessentials, this argument comes down to two propositions. This first is that government borrowing to finance the creation of productive assets is economically sound, even if the state does not own the assets created in this way. The second is that, failing some recovery in investment and growth, the Government may find that its effort to reduce the PSBR is as futile as digging a pit in soft sand. The harder it tries, whether by raising taxes cutting its own spending, the more revenue it will lose as the recession becomes longer and deeper.

The first half of this proposition is in some ways questionable, but the second draws attention to an important truth. The Government cannot assist recovery by reducing its own demands on long-term capital markets unless the private sector is prepared to move in to the space created by reduced Government demands. Indeed, as the LBS argues, it may even find it difficult to control its own borrowing in these circumstances. Failing a take-up by productive industry, the only counterparts of a reduced government deficit will be reduced activity, reduced private saving and a higher surplus on the current account.

Recent events underline this analysis. The PSBR has been Government has reduced its demand for long-term finance. In the financial markets this has helped to finance a strong recovery in equity market, a more belated one in government stock and continued strong capital outflows. In the real economy, however, investment and activity remain in a trough and personal saving is falling.

Central strategy

It follows that a Budget aimed to restrict the PSBR must as a matter of central strategy, and not as an afterthought, contain measures designed to encourage industry to make fuller use of outside finance. The judgement which has to be made is whether the shortage of new issues is a result of unfavourable tax treatment and high interest rates, or whether it reflects some more deep-seated British trait, so that some version of the LBS strategy—Budget concessions biased towards non-oil industry—is the only way out.

The historic answer seems to be that while companies have in the past been much more willing than recently to seek external finance—nearly half of all capital spent in the 1972-4 boom was external, but only about a quarter by the late 1970s—they are conservative by international standards. Of the external finance used, more than half came from outside the banks in the late 1960s, but only a small fraction by the end of the 1970s and even then the main source was multinational corporate finance rather than the London market. London has historically specialised in financing the government.

New issues

Only strong measures, then, are likely to enable the corporate sector to take up much external finance through the capital markets. Measures to encourage new issues of every kind, including indexed issues, allied to a permanent effort to enable the banks to finance expanded lending outside the money supply, are therefore essential to make sense of the

The Think-British campaign

By John Elliott, Industrial Editor

RECESSIONS always tend to bring out protectionist streaks in the attitudes of industrialists and politicians, even those who usually prefer to be known for their free market beliefs.

It is therefore not very surprising that this recession has helped to produce a range of procurement policies from the Government, the Confederation of British Industry, individual nationalised industries and private sector companies—all aimed at making people "think British."

The total purchasing power of the public sector and the biggest private sector companies has been estimated at about £50bn a year by Sir Derek Ezra, chairman of the National Coal Board and a leading exponent of what is called "positive purchasing."

The public sector places more than 90 per cent of its £25bn share of this total with UK-based manufacturers (though the figures are vague). But the proportion declined between 1978 and 1980. And the private sector percentage bought in the U.K. is presumed by the Government to be considerably lower.

Raise the UK proportions by a few per cent in both sectors, the argument goes, and Britain's ailing manufacturing industries will have received a significant boost. And if at the same time manufacturers are encouraged to develop high technology products and other goods which can be exported, the gain will be even greater.

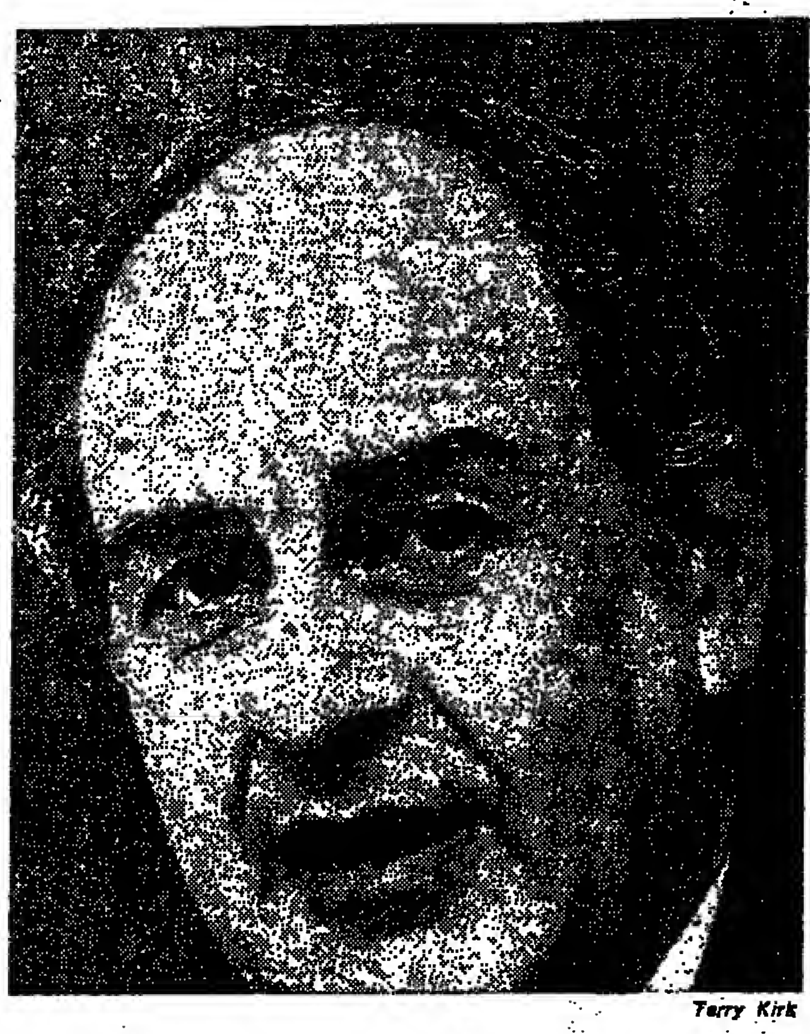
Around these simple—and to many people blindingly obvious—ideas, a whole range of initiatives have been extended and developed in the past two or three years. The goods involved range from Government-ordered torpedoes, computers, electric vehicles and office desks to private sector motor-car components, clothes and engineering robots. The organisations range from Government Departments such as the Ministry of Defence and the Department of the Environment to companies like BL and Debenhams. So far, retailers have shown more interest than private sector manufacturers.

There is also a potential conflict created by the current need for purchasers in both the public and private sectors to search for the keenest prices in order to satisfy their short-term financial constraints. Sometimes this will lead them abroad and quite often it will mean that they do not feel able to take a longer-term view. Yet proponents of the policy initiatives such as Sir Derek and others in the Government and the CBI argue that such tensions can be beneficial if the purchaser decides to do all he can to stay in the UK because of the way he will stimulate potential suppliers to provide better services, even if on reduced profit margins.

But proponents of the policy, like Mr Kenneth Baker, the Minister in charge at the Industry Department, insist that it does not involve urging people to buy British at any price. No one is setting out to featherbed UK manufacturers. "A passive purchasing policy—where someone just buys British for the sake of it—can be bad, not good, for British manufacturing industry," is the sort of argument the Industry Department has been pushing around Whitehall and trade associations.

Nor do these initiatives breach EEC or GATT rules on open competition, according to the Ministers and civil servants involved. The Government has not issued a specific Buy-British edict, but the EEC dimension is specially sensitive because (see accompatnying article) the Governments of France and Eire have been accused by the European Commission of breaking free trade rules.

But while the rules may not be broken, at least some of the initiatives are aimed at what



Terry Kirk

Sir Derek Ezra's National Coal Board placed a mere 2.5 per cent of its purchases abroad in 1980-81

might be termed "doing to the French and Japanese as they do to others." The CBI's Agenda for recovery policy document last summer called for "Positive discrimination in favour of British business . . . A touch of French and Japanese guilt at buying imports . . . A commitment by business to help British suppliers develop competitive products."

Ironically it was that arch exponent of the free market and free trade, Sir Keith Joseph, who launched the whole exercise shortly after he became Secretary for Industry in 1979. He was convinced that a new mood of what he called "intelligent clientship" needed to be fostered in the public sector.

At that time the recession had not arrived and he was on his own. But since then the idea has taken hold. Much to the surprise of many Ministers and civil servants, the Treasury has also embraced it even to the extent of issuing important new guidelines in March last year.

These stated that: "It is the Government's policy that, as a matter of enlightened self-interest, public sector purchasers should use the influence their purchases give them to help develop the design, technology and competitiveness of their supplies."

"Value for money should not be judged solely on the basis of the lowest initial cost. Design, reliability and maintainability for example will affect the total cost over the life of a product."

This has linked up with a similar pro-British approach launched late in 1980 by Sir Derek Ezra and Mr Gordon Brunton, chief executive of Thomson British Holdings.

Sir Derek's National Coal Board placed a mere 2.5 per cent of its purchases abroad in 1980-81. But "to arrive at this position has involved the most painstaking relationship with suppliers including collaborative efforts in research, development and training," he says.

The rest of the biggest 12 nationalised industries only placed 3½ per cent abroad and efforts are now being made to reduce that. For example, a group of purchasing executives has just decided to see whether substantial foreign purchases of small tools, heavy duty anchor chains and safety gloves could be switched to Britain.

Apart from a handful of companies like Debenhams and Marks and Spencer (which has been doing it in Britain for 50 years) and BL, it is difficult to find many companies who admit to being swayed by the Ezra-Brunton initiatives.

Debenhams "conversion" took place some two years ago when it was realised that fewer and fewer purchases were being made in Britain. Mr Robert Thornton, the chairman, started new relationships with suppliers and cut his buyers' foreign travel budget, telling them to concentrate more on British manufacturing centres, than exotic Far East cities. This led to an increase of 35 per cent—from £80m to £110m—in the amount of money one part of its business placed in the UK last year.

BL has gained a reputation for doing far more than simply squeezing the tightest price possible out of its component suppliers in the past couple of years. It has developed new and much closer relationships with suppliers of many components, urging better quality and threatening to go abroad if necessary for a better deal.

Many companies, however, feel that they are international, so cannot be expected to be obviously pro-British. If they are to be forced to adopt some sort of nationalistic approach, they want it to be European, not British.

On a broader front the CBI's discovery that its French equivalent, the Patronat, had issued "think French" advice to its members two years ago prompted it to launch its own campaign. But it has stayed firmly independent of the Government's initiatives so as to escape EEC restrictions.

It issued "Think British" advice on two occasions late last year and in April is staging an exhibition in London with two other organisations called Can You Make It? The aim is to show British manufacturers, especially small businesses, the orders they are losing to foreign competitors, and to put them in touch with possible customers. Later, the exhibition may tour the regions. The CBI is also planning a conference later in April and may take over responsibility for the Ezra-Brunton initiative.

None of this is dramatically new of course. A "Public Purchasing and Industrial Efficiency" White Paper was even issued in 1967. And the National Economic Development Office has been using its Little Neddies to try to improve manufacturer-customer links for some years.

But this time there is much more political momentum, fired by economic necessity and aided by the Treasury. The ultimate test will not, however, be how many extra orders are placed in Britain this year, but how long the initiatives survive once the recession eases.

BEHIND THE SCENES SYNCHRONISATION

SENIOR civil servants from the Department of Industry have toured all Departments and agencies ranging from the National Health Service to the BBC and the Bank of England spreading the gospel about public purchasing and have visited at least 200 private sector companies.

The Industry Department has £10m a year to encourage the development of various projects in the public sector and also draws on other high technology aid budgets.

"In some areas you can't get your first contract for a product abroad. So if your own Government doesn't give you the first one, you don't get it anywhere," says Lord Weinstock of GEC.

The two best known intiatives are the Department's "micros in schools" and office of the future" schemes, each involving about £2m aid. The first is aimed at developing the use of computers for educational purposes (and significantly in international terms includes U.S.-owned but UK-based IBM). The second is using Government offices — including Downing Street — to develop office automation equipment.

There are a number of other pre-production projects where the Department subsidises a customer's first year's expenses while a new product is tried out in practice. Products involved include prototype electric vehicles, optical fibre communications, medical diagnostic equipment for area health authorities, power station flame proofing equipment, rubber tyred gantry cranes for docks, advanced air traffic control systems.

There have been public controversies on some issues like purchasing the Inland Revenue's ICL computer, airport radar systems and Navy torpedoes. But most of the work has been behind the scenes

One Departmental buyer of textile goods did however admit to the Industry Department that he was now talking for the first time to six of his suppliers about future needs and developments.

In the private sector the Industry Department has been encouraging more contacts, sometimes through trade associations, between purchasers and suppliers. This is thought to have been specially useful in some areas of rapidly developing technology—for example using the Machine Tool Trades Association to try to persuade purchasers like BL to talk more in advance to British manufacturers of engineering robots instead of assuming they will have to buy abroad.

John Elliott

A 'GREY' AREA OF COMMUNITY LAW

THE FRENCH Government's plans to revive a number of declining industrial sectors through a strategy to "reconquer the home market"—with a variety of aids and incentives—is currently being scrutinised with great care by the European Commission in Brussels for its possible impact on imports.

The extent to which governments are allowed to promote "buy national" policies is still something of a grey area in Community law, but two cases launched last September against France and Ireland could yet establish important precedents. Indeed, the potential significance has not been lost on the French Government which in recent weeks has been attempting to negotiate a settlement with the Commission.

The legal basis of the Commission's move is a broad interpretation of Article 30 of the Treaty of Rome which outlaws not only quantitative restrictions on imports from other member states but also "all measures having equivalent effect."

The case against France is based partly on letters and circulars issued by Ministries and public officials in 1977-78 which the Commission claims were aimed as encouraging discrimination against foreign suppliers of hospital and port equipment. One such communication to all government ministries stresses the importance of public purchasing in improving the trade balance and protecting employment.

In the other case, the activities of the Irish Goods Council are the target of the Commission's fire.

The common factor in both cases is the involvement of public authorities in moves which the Commission claims have the effect of quantitative restrictions. Legal officials here doubt whether it would be worth trying to challenge the British campaign by trying to prove that those international industries supporting it are acting as agents of the State.

More generally, the Community has been trying to open up around £1.5bn of public procurements to more genuine competition within the Common Market. This is admittedly a small proportion of the total, but directives are already in place governing public works and public supply contracts but neither is thought to have made more than a modest dent on the preference of most governments to support their own domestic industries.

John Wyles

Men & Matters

Vintage stuff

Those with a taste for a good vintage will recall the fur-flying battles of the mid-sixties which saw the brothers Showering move into the Harvey's boardroom and sent the ebullient George McWatters out into the Bristol cold. The wheels of time have turned and McWatters is back again—after a successful term at the helm of Ward White. This time he emerges a key figure in the restructuring of Avery and Co., a name which will strike a sympathetic chord among the claret set.

The Avery family is one of the rare remaining guardians of Bristol's fine wine tradition but, with £1m of stock gathering dust and acclaim in its cellars, it has been finding the financial burden a little on the heavy side. John Avery, who at 40 is more youthful than some of his rarer vintages, was faced with taking the family business into the fast-wine supermarket business, or finding outside support for the task of coping with today's interest rates.

Two local companies, the J. T. Group and Principality Holdings, will take 30 per cent of the stock and McWatters, who becomes chairman, has the option to take a further 10 per cent.

The deal means that the Avery family, and Avery customers, can breathe again. "Any expansion will in no way be to the detriment of the quality of the wines we sell," says Avery.

Much of the problem has been caused by the fact that while the British are showing an increasing taste for the fruit of the grape they are not inclined to plan ahead. Financing the storage of fine wines until restaurants and private

"I can see them turning the Milk Cup sour in no time!"

"Quite simply it was just another tale of interest rates. We needed the money."

I'll drink to that.

Tongue twister

Oh to be a fly on the wall when the elegant Mme Catherine Lalumiere arrives at the office of John Biffen tomorrow. Mme Lalumiere, a lawyer by training and a university lecturer by experience, is the French Minister of Consumer Affairs. Apart from any philosophical differences between the left-wing Lalumiere and the right-wing Biffen there is the small question of an empty chair in the British host ministry, the Department of Trade.

Lalumiere's invitation to London came from her then counterpart Mrs Sally Oppenheim who departed from office last month and whose replacement does not 10. In fact, whatever the political obstacles, Mesdames Lalumiere and Oppenheim might have got on very well together. After initial suspicion the consumer groups in Britain were beginning to feel they might even have something approaching an ally in Mrs Oppenheim. They are now regretting her departure and expressing increasing concern that her post may in fact not be filled.

Mme Lalumiere will not be discussing such matters with the British press: she speaks no English and presumably assumes our linguistic talents are not up to the task. Mr Biffen will not be putting his own modest ability in this field to the task. My man in the ministerial corridors assures me there will be an interpreter on hand.

High flier

While the travel spotlight has been focused on the rapidly tarnishing image of Sir Freddie Laker things have been happening elsewhere in the sun, sand and sea world of foreign holidays. A shuffle at the Thomson Organisation's Thomson Travel subsidiary moves the youthful, yachting cap-wearing, Roger Davies from the top of package tour activities to managing directorship of the whole travel activity.

This puts Davies in charge not only of his former holiday empire but also Britannia Airways, which is picking up a lot of the former Laker flying business, and Lunn Poly, the High Street travel agency chain. Davies, who takes over in April, has had a nice appointment present—latest figures suggest Thomson is the first package tour company to pass the 1m passenger mark.

Mine field

Given that the odds are shorten- on the wage barricades next winter it is surprising that there is such enthusiasm for the job of replacing Sir Derek Ezra as chairman of the National Coal Board. Sir Derek himself is obviously enjoying the fun.

Yesterday NCB watchers were interested to see Sir Derek in action at the Coal Industry Society, the coal merchants club, particularly since one of the front runners in the job stakes, Labour Party treasurer and former Energy Secretary, Eric Varley, was present. Ezra looked back over the past few years with passing warm words for Varley, but also for John Moore, the present junior Energy Minister, another widely touted possible.

Ezra has, of course, been asked to help management consultants MSL on the task of finding a replacement. The list of possibles is beginning to look like that for an over-subscribed Grand National but the betting is now heavy on local favourites rather than foreign imports.

John Mills, the NCB member for marketing, is still well up with the leaders but, if omission is an indication of Sir Derek striving too hard not to give tips, then the fact that another former Energy Secretary, Roy Mason, who was once regarded as the favourite, received no Ezra mention at all may be significant.

Standard rate

Have you heard about the tax inspector who went back to his office one night and found a burglar rifling his safe? After a fierce struggle the intruder managed to break away and run off. The tax man telephoned the police, and half an hour later they rang back to tell him that they had caught the man and found £30 in his pockets. "I know," he said. "He had £45 on him when he broke in."

THE ARTS

British Museum

The glories of Fontainebleau

by ROY STRONG

The Print Room at the British Museum has a triple bill. Watercolours by two English visitors to Rome, Francis Towne and John "*Warwick*" Smith, and a sparkling display of 18th century Venetian drawings cover familiar territory. The third, *Prints of the School of Fontainebleau*, takes the visitor into a far more obscure area of visual experience and it is about this less well-trodden path that I intend to write rather than reiterate Grand Tour platitudes.

It is curious that so little 16th century French art can be seen in the museums and galleries of this country, for the century of the School of Fontainebleau was a potent influence on the court style of the Tudor monarchs. The magnificence of François Ier was a potent driving force behind the brash extravagance of Henry VIII's palace building of the 1530s. Nonsuch, with its stucco work walls and fantastic towers, attempted to outshine the Château de Chambord. The gardens of Hampton Court and Whitehall looked to the marvels of the Cardinal d'Amboise's Gaillon. Later Lord Burghley was to study the architectural works of du Cerçeau, and the Elizabethan portrait miniature under the aegis of Nicholas Hilliard was to attain new tenderness and intimacy of characterisation under the impact of the chalk portrait drawings of Clouet.

In the 1530s the eyes of northern Europe must have turned as the Valois seat of Fontainebleau developed as the epitome of a nascent French culture in which the achievements of the Italian renaissance were naturalised into something distinctively francophile. Rosso, a Florentine, joined later by Primaticcio, a pupil of Giulio Romano who had worked for the Gonzaga court at Mantua, became the focal point of a vast team of artists and craftsmen who set the style of a court. This embraced interior decoration in the form of wall paintings, designs for tapestries, metalwork, book illustration, sculpture, court festivals and prints. The latter on display here were a late innovation. Work began in earnest at the opening of the 1530s but it was not until 1542 that the prints began to appear. These were executed from the drawings and not the finished projects and on some of those drawings (one is included) the imprint of the tracing stylus can still be seen. These prints were a public relations exercise for the Valois kings ensuring that their patronage would be known and appreciated and, what is more, copied throughot the rest of Europe. What a fantastic style it was as recondite subject piles up upon recondite subject, all embraced within extraordinary cartouches of strapwork, swags, garlands, and heroic nudes and putti.

The engravers gathered here are Réné Boyvin, Master L. D., Antonio Pantuzzi, Domenico del Barbieri and Jean Mignon. The prints in themselves are beautiful, for the engraver always moved on to add to the drawing or modify it so that each print takes on a life independent of its source. Technically they can be of astonishing virtuosity, above all as in L.D's. *Jason Killing the Dragon* in which highlights have been created by burnishing producing an extraordinary subtlety of tonality, anticipating the effects of aquatint, invented two centuries later.

Eroticism reigns here and we are never allowed to forget that we are in the age of the royal mistress headed by the legendary Diane de Poitiers. Sensuality is open and unashamed. Mars boldly climbs into a wooden tub with Venus, Jupiter's encounter with Semele leaves little to the imagination, while the gestures in the *Women's Bath* could hardly be categorised as other than frank. But vulgarity is absent. The mood is always courtly, delicate, sinuous playful. All the same the riot of nudity both male and female must have been quite unprecedented and it sprawled everywhere, along the royal apartments into those of the king's mistresses and on through the rooms of parade out into the formal gardens in the form of statutory or the painted decoration of a gazebo.

But what strikes one most of all is the explosion of pure ornament. The latter has been despised and destroyed in our own century under the impact of the modern movement. These prints are an overt celebration of an opposite viewpoint. One can sense the excitement of these artists as they developed a repertory which at the time must have struck people as totally novel and rather shocking. The grotesque decoration of classical antiquity as adapted by Raphael for the Vatican expands here and takes on a role that gives it an importance equal to that of the pictures it encloses. The very idea of intermingling figures into the strapwork borders was original. Bastardized by later centuries it is difficult for us not to look at them as other than forerunners of the worst sort of theatrical gilt phantasmagoria of the Victorian age. It needs a tremendous visual leap to discount that from the mind. That these borders were regarded at the time as sensationally inventive is reflected by the fact that they were engraved for themselves minus the scene they actually encompassed. Their fertile originality never flags. Female herms lifts their arms to support trophies of fruit, winged putti clamber over garlands, heroic nudes recline at impossible angles blasting trumpets, satyrs embrace. With the demise of decoration as a serious art form we have lost the ability even to look at these or appreciate their brilliance. That is our loss.

The great Ecole de Fontainebleau exhibition at Grand Palais happened 10 years ago. This group of prints recalls that magnificent spectacle which also coincided with the restoration of the *Galerie Francois Ier* at Fontainebleau itself. The last time I saw that was on a chill autumn day with golden light falling on to the palace and the noble avenue of trees up to the *Porte Dorée*. No experience is so redolent of Valois civilisation as a walk along that gallery, the richness of the gilded panelling and above it the marriage of stucco and paint that we see in print form at the *British Museum. It makes one* realise just how devastating a loss was the demolition of Nonsuch by the rapacious Castlemaine *for* we have nothing comparable.

All the Valois were aesthetes. Their rule ended in collapse and civil war. Of the Tudors Henry VIII alone could lay dubious claim to such sensitivity and his *prodigality dispelled a fortune* and undermined his successors. Stingy Elizabeth, who never spent a penny on the arts if she could avoid it, in sharp contrast brought her people stable government and peace for half a century.

Apelles painting Campapse by the Master L.D.

Cold winds in Berlin

by NIGEL ANDREWS

The late and famous Captain Oates can scarcely have had a more gruelling time in coldest Antarctica than filmgoers had this year in Berlin. Below-zero winds gusted around their ears and noses. Ungloved fingers froze instantly on removal from coal pockets. And merciful cloud-cover seldom or never drifted in at night to cover the cold stars. Where were those storm-clouds, visitors cried, that countless Nazi-menace films used to keep telling us were gathering over Germany? One would have paid many a frozen pfennig for their like this year.

Not surprisingly, turns were taken by most festivalgoers to catch 48-hour 'flu. My own bout knocked me out for the last two days, thereby zero-ing my chance of seeing what many claimed to be the best film in the Competition, Poland's *Shivers*. (Never an apter title.) It will come to London soon, however, so do not lose heart or interest.

The Competition was mostly—and not for the first time in Berlin—a disaster area. Films one would gladly have spoken a quiet prayer over and consigned to instant burial occupied a large and insistent proportion of the roster. Zoltan Fabri's *Requiem* from Hungary, Borhan Alaouié's *Beirut Encounter* from Lebanon, Kei Kumai's *Wilful Murder* from Japan, Donald Crombie's *The Killing of Angel Street* from Australia: none of these deserved to leave the processing laboratory, let alone to represent their countries at international level.

Chris Petit's *An Unsuitable Job for a Woman* was the official British entry, and though no giant it at least had the height to tower over its surrounding midgets. After the hairshirt austerity of *Radio On*, Petit has filmed a P. D. James murder thriller in sinuously sleek colours and with a magisterially slow pace that allows characters to grow and foliate, like ivy, in the cracks between the narrative building-bricks.

Pippa Guard plays the heroine playing her "unsuitable job" of a private eye, *Paul Freeman is the property* tycoon whose son's "suicide" she investigates, and Billie Whitelaw as Freeman's secretary and woman Friday glides in and out with Basilisk stare and poker-straight spine as if on furlough from *Omen 1*.

More anon, since Petit's film will soon be unveiled in Britain. But on one viewing it suggests the emergence of a movie craftsman with a real flair for putting the unspoken into images and letting the pictures, not just the dialogue, do the talking.

Rainer Werner Fassbinder, who makes so many films these days that he could surely apply to enter festivals as a separate country, came to Berlin with *Veronika Voss*. This is a weird one. Based on a true story, it narrates the drug addiction and waning fame of a once top German screen star (played by Rosel Zech), whose life and purse and sanity are now at the mercy of an unscrupulous drug clinic and whose declining days are investigated by a lovelorn sports journalist (Hilmar Thate).

Though the film is in black-and-white, Fassbinder engulfs the screen with so much deranged *frou-frou* of lighting and design and composition that you're surprised Miss Zech doesn't go off her rocker in reel one and stay that way. If there are hidden depths to the movie—an allegory? a morality drama?—they wholly eluded me. It seems only like a ripely overblown melodrama and an eccentric choice for the 1982 Golden Bear, which it won.

But let us move on from the Competition — dispensing *en route* a ripple of applause for China's likable family saga *Longing for Home* and Sweden's Blake-ian tale of a mystic murderer *The Frank Assassin—and home in on* the best new film at Berlin, which showed in the non-competitive "Young Film-makers Forum."—Edgar Cozarinsky's *La Guerre d'Un Seul Homme* gives us Paris under the Nazis. It's a documentary of brilliant scissor-work and research, intercutting newsreels of the time with other catch-all footage and reading out on the soundtrack the diaries of Ernst Junger, a Nazi officer possessed of a fine prose style and the kind of blinkered half-decency that sometimes seems even more dismaying than rank cruelty. ("This morning I was obliged to supervise the execution of a deserter . . . five small holes in the chest, as if dew-drops had fallen . . . on the way back I suffer a fit of depression.")

Cozarinsky, a Jewish Argentinian now domiciled in Paris, brings an outsider's irony and questing curiosity to his task. It's funny to see the fashion mannequins parading with never-say-die simper, as if there were no world war raging beyond the poplared confines of the Ile de France. But Cozarinsky also reminds us that French collaboration went further and deeper than mere stoical or *toujours gai* non-resistance. Hundreds of thousands of Frenchmen trooped off by rail to work for the war effort in Germany, and the Petain government were unwavering in their support for Herr Adolf.

Though the film was projected in an appalling murk at the Berlin cinema where I saw it, and the earphone translation was provided by temperamental gremlins, *La Guerre d'Un Seul Homme* is clearly a film of which we shall be hearing and seeing more.

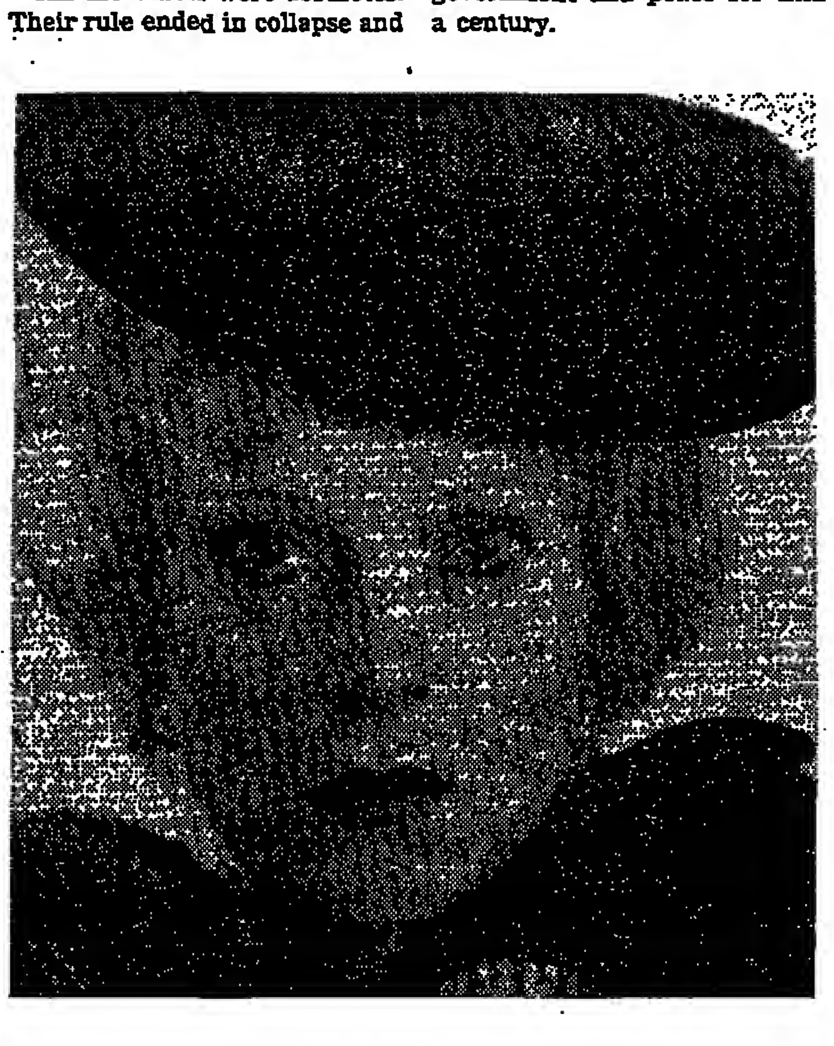
One could also sip from the fount of good cinema and *images past at the two* retrospectives. In one, James Stewart plied his liquid drawl in a dozen of his best-known movies. In the other, Hollywood director Curtis Bernhardt (German by birth and early career) brought you all those films you know backwards because even if you've forgotten (or never heard of) C.B. you remember Bette Davis (in *A Stolen Life*), Joan Crawford (in *Possessed*) and Barbara Stanwyck (in *My Reputation*).

Bernhardt was a journeyman stylist but he had a gift for coaxing great performances from his stars. And for two of his films in Berlin there were packed audiences, because they top-billed none other than the President of the United States. In *Million Dollar Baby* (1941) *Reagan R. plays a penniless* bar pianist with anarchist leanings (!?), and in *Juke Girl* (1942) he's down in Deepest Georgia doing what-a-man's-gotta-do on behalf of penniless bean-pickers. He's lucky they weren't peanut farmers or he'd never have lived that one down.

It was more than just the Arctic wind scything at you from all compass-points this *year that persuaded you that* the Berlin Film Festival is now at the crossroads. The Main Competition has always been the festival's weakest event, but it is being rapidly joined in mediocrity by all the other sections: the Retrospective honourably excepted. The New German Cinema has dwindled into awesome insufficiency of late, and the Cannes Film Festival stands like a big bully on the skyline ready to snatch from Berlin's hands any promising premiere and keep it back for the Cote d'Azur in May. Cannes has already signed up Herzog's eagerly awaited *Fitzcarraldo*—which might otherwise have "preemed" in Berlin—and the new Wim Wenders film may *also* make its *first* bow at Cannes.

But Berlin has limitless potential as a Northern-Europe festival and goes on demonstrating its flair for the crowd-pulling event. Perhaps the best *coup de spectacle* was the showing of Walter Ruttman's 1927 German silent classic *Berlin, Symphony of a City*, with live musical accompaniment in the manner of *Napoleon*.

Well, not quite in that manner. Two pianos and some drums, cymbals and a xylophone, to be precise. But they still spun thrilling magic around this marvellous 80-minute evocation of a day in a city's life—from lapping river to surging commuters, from the dawn chorus of factory sirens to the neon-lit oompah of Berlin night-life—and showed that "silent" films can sometimes offer a more total sensory experience than sound cinema. More imaginative plumbings of this kind into movie history and movie possibility and the Berlin Film Festival will keep itself firmly on the map for the 1980s.



Rosel Zech in Veronika Voss

Wigmore Hall

Songmakers' Almanac

by DAVID MURRAY

The Almanac recital on Friday was a model of its excellent kind. This time the programme was devoted to composers' settings of their own words—not, by and large, ambitious verse, and sometimes not verse at all. But the freedom a composer enjoys when not trammelled by his respect for a "real" poet brings its own rewards, and the Songmakers' Almanac performers set about their 30 examples of one-man songwriting with all the appropriate relish. (One tiny cavil: Charles Ives' "Two Little Flowers" is probably a proper marital offspring—he maintained that the verses were by his wife Harmony Twichell, though he may have helped too.) As usual Graham Johnson devised the programme and accompanied it, with just a little spoken commentary.

The singers were Jill Gomez, Linda Finnie and Stephen Varcoe, and their material ranged very wide: romantic songs from Dowland to Cole Porter, dramatic ones from Mozart (a vocal trio, actually: the autobiographical skit "Das Bandel") to Mussorgsky, comic turns from Edward Lear—yes, his own music! — to Noël Coward. *I cannot imagine what* made Mr Johnson think of alternating Ives songs with Mussorgsky ones for Part Two of the recital, but it worked wonderfully well. Not too much speech-song Russian at a stretch no overdose of Ivesian wilful innocence; the lively contrast was not invidious—and Varcoe gave the best, most sympathetic accounts of his Ives songs that I have heard from a British singer (or almost anyone else). Four early Peter Cornelius songs made a particularly happy discovery, simple and delicately charming. And prefacing Satie's "Trois poèmes d'amour" with their Quixotically passionate introductions gave precisely the point to the little songs that they might lack in a straight performance: engagingly doleful, they acquired a sting as well.

It was ill advised of Varcoe and Johnson to make Cole Porter's "I've got you under my skin" so sickly-sweet—the verbal manner, if not the intended sentiments, commands a robuster swing. Irving Berlin's *Annie Get Your Gun* duet, "Anything you can do . . .", is a male-female contest, not really a duet for ladies (like the confrontation of sopranos in *Mozart's Schauspieldirektor)*; but the riotous "I love a piano" was a joy. Miss Gomez excelled in clever and sardonic songs. Miss Finnie, less extrovert than her colleagues, always offered polished phrasing, and eventually revealed a nice vein of deadpan humour. I should add that the Almanac contrived to switch between jokey songs and sober ones without detriment to the effect of either sort, which is *an enviable* knack and not easy to acquire.

*

Last week I remarked that the Medici Quartet, in their PLG concert, were roughish in unison passages. I am told that roughish unisons were just what the composer Dominic Muldowney wanted in his 1st Quartet: sorry not to appreciate the point.

St. John's, Smith Square

Schubert cycle

by MAX LOPPERT

The Orchestra of St John's opened on Sunday the London sector of its current Schubert cycle—five concerts (also being given in three other cities) devoted to the symphonies interspersed with concertos and concertante pieces of various authors and kinds. Sunday's start, in the form of the *Zauberharfe Overture*, was distinctly unpromising; a limp and sleepy view of Schubert was further purveyed, after the interval, in four *Rosamunde* instrumental movements. As instanced in these performances (I did not stay for the closing *Unfinished*), John Lubbock's sense of the composer must be judged sadly unidiomatic — dripping with "affection," *wanting in rhythmic* spring and bright, frisky timbres, above all in dramatic energy. There were pleasing woodwind solos; but the full ensemble suffered a recurring imbalance of parts, and tonal blend was often ill made.

The soloist was Bernard d'Ascoli, the concerto Mozart's K488 in A. Mr d'Ascoli has an uncommonly strong, poetic, and vivid pianistic intelligence; but on this evidence he shows as yet little other than a generalised Mozartian sensitivity, roundly but also rather obviously "emotional." The brilliant sallies of laughter and high good humour of the concerto finale went unrealised in this performance; the shadows and pathos of the Adagio were underlined and over-scored. In this hall, so plainly unsuited to the piano, one must be wary of making any definite comments about tonal quality; but it did seem to me, particularly in the opening Allegro, that Mr d'Ascoli's use of the sustaining pedal was generous to a fault.

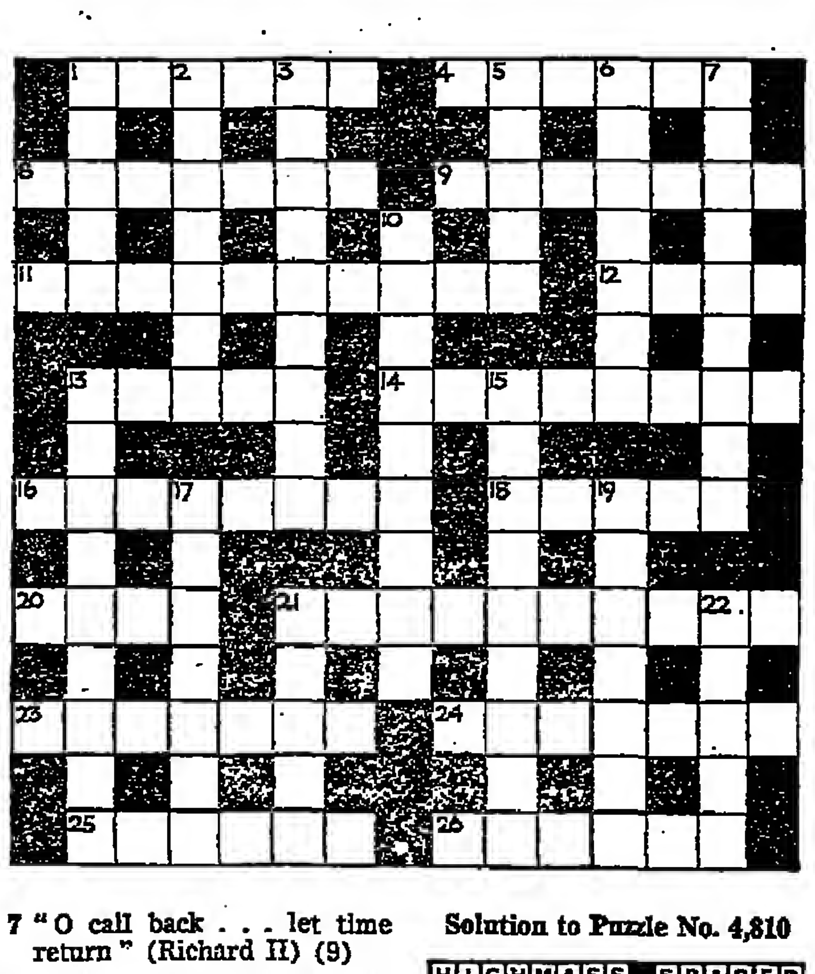
Artists and architects get together at the ICA

At the Institute of Contemporary Arts a small concourse gallery exhibition entitled *A New Partnership* shows the work produced by five trial marriages between architects and artists. A conference and series of seminars recently debated questions about the nature of a closer collaboration between the two. It is too soon to report on their findings but architects and artists were voluble on the need for more understanding.

The works on show at the ICA until March 14 demonstrate clearly that mutually exclusive aesthetic preoccupations still keep architects and artists apart—but at least they are now talking to each other again.

C.A.

F.T. CROSSWORD PUZZLE No. 4,811



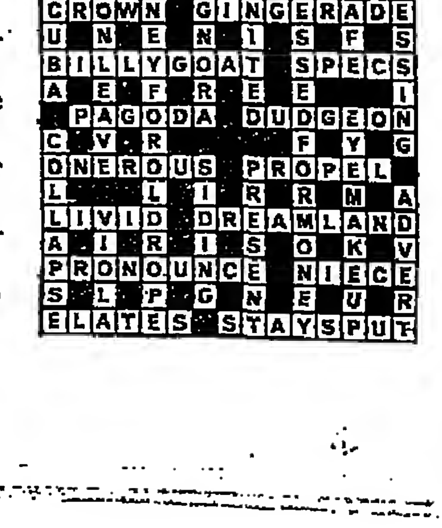
ACROSS

1 Characters current in the streets (6)
4 Worker in bashful song (6)
8 It is significant—they come from abroad (7)
9 Subtlety may fulfil the contract (7)
11 A political plot with the censor leading the way (4, 6)
12 Worry is sometimes connected with work (4)
13 Heard in church—in Latin, I believe (5)
14 Just a touch of steel, and there you are, Sir (8)
16 Delay in the dance on Deeside (8)
18 "I make a sudden . . ." Tennyson) (5)
20 Quiet get up for a Puritan (4)
21 Swaggering amateur in the Home Counties (10)
23 Wander listlessly from the river (7)
24 Accountant laughs loudly at the partnerships (7)
25 Steep slopes with fish aboard (6)
26 Note for a singer, we hear (6)

DOWN

1 Dance suits uncle to a degree (5)
2 Cutting-off from pub or gym (7)
3 A little number that takes the biscuit (5, 4)
5 One in command of a robbery (5)
6 Wanted for cash (7)
7 "O call back . . . let time return" (Richard II) (9)
10 *Find a job—a horse can do* it (3, 1, 5)
13 Preside over the county — they let you sit and lie (5-4)
15 Attic sage turns to criticise (9)
17 Spy includes information for Italian city (7)
19 Set course to the Cape — getting chicken? (7)
21 Alerts the doctor on call (5)
22 On the move in a prison (5)

Solution to Puzzle No. 4,810



Royal's underwriting losses soar to £103m—profits dip

A DROP of less than 4 per cent in pre-tax profits, from £122.2m to £117.6m, is reported for 1981 by Royal Insurance, despite underwriting losses more than doubling from £40.3m to £102.8m.

Under the new style format of accounts, the company separates its investment income between that on general insurance operations and that arising on capital and reserves.

Investment income on general insurance operations rose by 34 per cent in sterling terms from £113.3m to £152.3m, which when set against the underwriting losses resulted in an overall general insurance profit of £49.5m compared with £73m in 1980.

Investment income on capital and reserves climbed nearly 50 per cent from £33m to £49.2m, and with higher life profits and associated companies' profits, pre-tax profit fell only marginally.

A £5m lower tax charge and unchanged minority interests meant that net profit attributable to shareholders rose slightly from £70.9m to £71.7m. But the earnings per share fell from 46.2p to 38.5p because the capital at the end of 1981 had been increased by the rights issue made at the beginning of the year.

The company has declared a final dividend of 15.5p against 14.75p in 1980 making a total dividend of 25.25p—a 5.2 per cent increase on 1980.

General insurance premiums worldwide rose by 20 per cent in sterling terms from £1.24bn to £1.49bn — the underlying increase allowing for exchange rate fluctuations being 12 per cent. Similarly, total investment income improved 38 per cent in sterling terms, with an underlying growth rate of 19 per cent.

Mr John Howard, Royal's chief general manager, in his comments on the results, stated that the company had decided to give shareholders a clearer insight of the returns by showing general insurance profit for each territory, a figure that represented the investment income and the underwriting balance.

He pointed out that the investment income on premiums and technical funds was an integral part of the insurance operation and should be taken into account in establishing the overall return on the business.

This although underwriting losses in the U.S. last year doubled from £16m to £32.3m, investment income rose by nearly 37 per cent from £44m to £60.2m, leaving the general insurance profit virtually unchanged at £27.9m against £28m. Premium income grew by over 15 per cent in dollar terms against a market average of 4 per cent.

The operating ratio deteriorated from 102.4 to 104 per cent, with a worsening claims ratio from 69 to 71.8 per cent and a small improvement in the expense ratio from 33.4 to 32.2 per cent. The main features in the U.S. were a deterioration in commercial multi-peril and an improvement in workers' compensation and personal insurance.

However, in both Canada and Australia, the company recorded general insurance losses, with the investment income failing to cover underwriting losses.

The underwriting loss in Canada doubled from £24.1m to £51.9m and the insurance loss worsened from £7.5m to £27.8m. This occurred despite rate increases have been made at the beginning of this year.

Premium income rose by only 7 per cent and Royal's share of the Canadian market, where it is the largest insurer, has dropped from 10 to 8 per cent.

Similarly in Australia, the insurance loss climbed from £3.1m to £13.3m, with underwriting losses rising from £8.5m to £21.1m.

On the face of it, the UK presented a much better picture with an underwriting profit being recorded, though at half the rate of 1980—£5.1m, against £10.4m. The general insurance profit climbed 12 per cent from £44.1m to £49.5m, with a premium growth of over 15 per cent.

But Royal had a poor final quarter last year in the UK, arising mainly from the adverse weather in December. Total claim payments made in that month totalled £13m, of which between £8m and £9m came from the adverse weather. The company expects to pay out a similar amount for January's bad weather.

The company made a marginal underwriting loss in UK motor business last year after being comfortably in profit at the nine-month stage. It is increasing its motor premium rates on May 1 by an average of 6 per cent.

Results also worsened in liability business, where it has strengthened its reserves, and in marine and aviation.

Elsewhere, a good result was achieved in the Netherlands, with a rise in both underwriting profits and the general insurance profit. But premium volume fell 3 per cent. Conditions remained difficult in other territories, but there was an improved experience in Africa. The results for the reinsurance subsidiary were affected by an abnormal number of large property claims in the Home Foreign account.

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Attwood Garages, Beradin Rubber, Diploma, Elders IXL.

Finals—Home Charm, Mercantile Investment Trust, Mount Charlotte Investments, Provident Financial, Unilever, Unilever NV.

FUTURE DATES

Interims—	
Scholes (George H.)	Mar 8
Finals—	
Ault and Wiborg	Mar 5
BTR	Mar 8
Carpets International	Apr 1
Greenfields Leisure	Mar 8
Hepworth Ceramic	Mar 24
Intnl. Investment Trust	Mar 3
Invergordon Distillers	Mar 8
Liberty Life Assoc. of Africa	Mar 3
Macfarlane (Clansman)	Apr 5
Molins	Mar 31
Romai Tea	Mar 5
Standard Telephone & Cables	Mar 12
Waverley Cameron	Mar 15
Williamson Tea	Mar 5

Recovery trend at Blagden

ALTHOUGH SECOND half pre-tax profits of Blagden and Noakes (Holdings) improved from £496,000 to £1.08m, figures for the full year to December 27 1981 were down from £2.59m to £2.01m. Turnover of this manufacturer of steel drums, plastic products and chemicals, and reconditioner of steel drums, was lower at £58.63m compared with £60.22m.

Mr A. R. Sparrow, the new chairman, says that during the past 12 to 18 months a number of measures have been taken to contain costs and improve efficiency and there is still more to be achieved.

While 1982 got off to a disappointing start and was much affected by the inclement weather, he says there are now signs of a slight upturn in business. "If this continues," he adds, "we would hope to achieve our more optimistic expectations for the current year."

The pre-tax figure was after interest charges up from £462,000 to £556,000. Tax was substantially higher at £786,000 (£141,000 credits), and after deducting minorities of £313,000 (£851,000), attributable profits were £907,000 (£1.88m). The second interim dividend is unchanged at 3p for a same-again net total of 6p. Stated earnings per 25p share were considerably lower at 8.5p (17.7p).

● comment

The market read too much into Blagden's second quarter. After two very poor quarters, when profits were probably little more than £200,000 a time, a jump to £700,000 pre-tax in the April-June period had some analysts projecting £2.3m for the year. But that upsurge owed more to restocking than even the company might have imagined. The second half has only just climbed above £1m pre-tax to leave the year lower by nearly a quarter. The shares fell 8p yesterday from the year's high of 118p to yield 8 per cent and stand on a p/e (on stated earnings) of 13. There were exceptional items—£70,000 on plant write-offs and £62,000 of redundancies—though all told these did not match up to the previous year's £180,000 of redundancy costs. Borrowings have inched ahead to £4.5m but more significantly income gearing has risen from 15 per cent to nearly 22 per cent. Still, the overall picture is one of recovery and Blagden is expecting to make up further ground this year—perhaps £2¼m pre-tax. There will be no more exceptional costs, the chemical division is expected to chip in £¾m and Blagden has managed a 40 per cent price increase for drums—offsetting the higher cost of steel without any damage to gross margins. Yet ultimately Blagden's fortunes are linked to the chemical sector. It cannot stage a full recovery until that industry sees a real upturn.

Willoughby's Consolidated moves ahead

In the year to September 30 1981 the ranching and landowning Lonrho subsidiary Willoughby's Consolidated, which operates in Mashonaland and Matebeleland, produced increased taxable profits of £426,110 compared with £308,294. Turnover rose from £912,745 to £1.16m.

Tax took £283,694 (£205,371), and after minority interests of £42,782 (£19,906) and extraordinary credits of £9,780 (£11,205 debits), the attributable profits emerged at £109,414 (£71,812).

Earnings per 50p share are given as 5.4p (4.5p) and the dividend is 3.35p.

TWIL GROUP

The TWIL Group, Britain's largest producers of mild steel wire and wire related products have formed a new company, TWIL Group Exports.

Based at the Group's Sheffield headquarters, the new company will be responsible for export sales of all wire and wire products made in the group's factories in Sheffield, Warrington and Norwich.

The new company's aim is to develop more markets and increase substantially its worldwide sales of £17m per annum.

Barclays ahead £43.1m at year-end

AT £566.6m, taxable profits of Barclays Bank show a £43.1m improvement for 1981 and, with a final payment of 11.5p net, the total dividend for the year is being lifted from 18.5p to 22p.

A one-for-five scrip issue is also proposed and the directors are forecasting maintenance of the current dividend level on the increased capital for 1982.

Pre-tax profits were struck after an almost £10m increase in provisions for bad and doubtful debt to £140.1m. Mr Timothy Bevan, chairman, explains that the clearing bank provision fell, due mainly to a release in respect of earlier years, but the debt charge of international operations rose, reflecting the widespread effects of world recession.

A significant part of the charge was in respect of general provision relating to a substantial rise in lending.

Specific provisions for the year totalled £122.1m (£102.9m) and the general charge fell to £24.3m (£31.6m). Recoveries of amounts previously written-off came to £6.3m (£4.2m).

Mr Bevan reports that the UK branch banking contribution to profits fell for the second year running. Overheads were over 16 per cent higher, and this increase exceeded growth in interest and commission income.

Profits of Barclaycard, Mercantile Credit, Barclays Merchant Bank and Barclays Trust all increased, with a particularly noticeable advance by Mercantile Credit, reflecting its success in leasing.

International operations contributed the larger part of the profits increase. All these operations showed improvement, particularly in North America. The rise in earnings reflects the substantial capital investment made by the group in order to expand worldwide operations over the last few years, says Mr Bevan.

He reports that, in balance sheet terms, the group grew by just over 30 per cent during the 12 months, partly due to the movement of sterling against the dollar, but also reflecting substantial increases, especially in overseas and Eurocurrency business.

In order to support this growth, and to maintain the necessary strength for future expansion, the group has raised U.S. $100m through the issue of capital notes in the U.S. It has also recently placed £100m of unsecured loan stock in London. This, however, is not reflected in the 1981 balance sheet position.

The leasing business, where generally tax allowances on new investments are passed on to industrial customers, says Mr Bevan, has resulted in a decreased tax charge. Group tax for 1981 fell from £152.1m to £105.2m and earnings per £1 share rose from 124.2p to 152.8p.

Operating profits pushed ahead from £498.7m to £557.8m, with share of associates adding a further £58.5m (£50.1m) but interest on loan capital taking £49.7m (£25.3m).

The special levy on banking deposits has had a significant effect on retentions, which Mr Bevan points out are necessary to maintain growth and stability.

The £94.1m charge for this, together with minorities of £30.2m (£23.6m), cut attributable profits to £337.1m (£248.3m) after extraordinary credits of £0.5m). Dividends took £62.4m (£52.2m) and the retained balance fell to £274.7m (£296.1m).

An analysis of total group profits shows interest income of £6.03bn (£4.39bn), less interest expense of £4.32bn (£2.93bn). Other operating income totalled £615.9m (£466.8m). Operating expenses absorbed £1.63bn (£1.31bn) and there were losses on the realisation of investments amounting to £5.6m (£5.4m profit).

By source, total profits broke down as to: Barclays Bank £267.1m (£299.5m); Barclays Bank International £242.5m (£179.9m); Barclays Merchant Bank £7.6m (£7.2m); Mercantile Credit £52.1m (£38m); other subsidiary and associated companies £47m (£33.1m).

The tax charge was reduced by £154.5m (£124.7m) due to the deferment of tax liability for which provision has not been made. The total amount of potential tax not provided for at December 31 1981 was £588.4m (£441.3m).

It is considered prudent by the directors to continue to maintain a provision of 25 per cent of the potential tax liability in respect of the group's UK leasing business.

On a CCA basis pre-tax profits for the year were reduced to £345.4m (£309.6m) and the attributable balance fell to £131.5m (£147.7m).

The balance sheet at the year end shows shareholders' funds at £2.83bn (£2.42bn). Deposits totalled £42.83bn (£31.98bn), advances £35.61bn (£25.81bn) and total assets £48.75bn (£37.1bn).

Pre-tax profits of Barclays Bank International, the wholly owned subsidiary, expanded from £159.5m to £197.7m for 1981, after provisions of £84.9m (£56.3m) for bad and doubtful debts, and interest on loan capital of £44.8m (£20.4m). Share of associates included in the result was £28.1m (£22.4m).

Tax absorbed £76m (£66m) and the special levy on banking deposits £2.6m. This left the attributable balance at £89.7m (£71m) and, after dividends, £89.2m (£70.5m) was retained.

See Lex

HIGHLIGHTS

Lex concentrates on two major results from the financial sector—Barclays Bank and Royal Insurance. Barclays has shown some mildly disappointing figures with profits up 8 per cent overall. All the growth has come from the international division helped by currency movements while profits from the UK are down. Royal Insurance's results are no worse than expected with severe losses in Canada and Australia though recovery is anticipated this year. The column then moves on to comment on two events in the chemical sector. Fisons 1981 results show a recovery to 1980 levels and the statement suggests there is more to come. And Croda seems likely to stay independent following Burmah Oil's decision to let its offer lapse this Thursday.

Dealings begin tomorrow in CCL Group

DEALINGS START tomorrow in the convertible redeemable preference shares of CCL Group, the construction materials spin-off of Foseco Minsep, on the market made by M. J. H. Nightingale.

Foseco will receive £4m for its 100 per cent shareholding in CCL Systems, the trading name of CCL Group. This is to be comprised of £3.3m, before transaction costs of £200,000, and a £700,000 interim dividend from the new group.

The £3.3m also includes a £700,000 low interest loan from Foseco repayable in two instalments in 1987 and 1988. The placing of convertible preference shares, by Nightingale, with ten financial institutions will raise £1.44m. An issue of ordinary shares will raise another £160,000. The balance of the purchase price will be provided by a £1m medium-term loan from Midland Bank.

CCL Group manufactures and markets hydraulic equipment and related fittings for a wide ragne of industries, including construction, electricity distribution and materials handling. The group, based in Surbiton, Surrey, had estimated sales last year of £9.9m and pre-tax profits of £825,000.

Foseco agreed to the sale as CCL's activities had been increasingly falling outside Foseco's mainstream operations of supplying specialist chemicals.

The convertible preference shares were placed in 50 units comprising a total of 1.25m 11 per cent cumulative redeemable convertible preference shares of £1 each at par, and 190,000 ordinary shares of £1 each at par. These units (made up of 25,000 convertible preference and 3,800 ordinary) each cost £28,800.

The directors and employees of CCL have subscribed for 160,000 shares.

The preference shares may be converted into ordinary shares from mid-1985 to 1992.

The conversion rate will depend on the profit performance of the company over the next three years. The better the company performs, the higher the proportion of equity will remain with the directors.

If pre-tax profits exceed £3m in total for the three years to the end of 1984, the directors will retain 26.66 per cent, but if they fall below a total of £1.77m, they will retain 13.43 per cent of the ordinary share capital.

Since 1977, the group has increased sales from £5.4m to an estimated £9.9m last year and boosted pre-tax profits from £309,000 to £825,000.

The group operates worldwide and expects that exports and contributions from overseas subsidiaries should maintain its steady growth, offsetting difficult trading conditions in the UK.

The directors do not intend to declare any dividends on ordinary shares in respect of 1982, but will consider dividends in the light of future results.

Wholesale Vehicle Finance falls behind

Distributable profits of the 75 per cent National Enterprise Board owned Wholesale Vehicle Finance (WVF) fell from £2.74m to £2.37m in 1981. A maintained dividend of 20p per share will absorb £1.93m leaving retained profits of £441,000.

The directors of this company which provides stock finance for the UK distributors of BL Cars say that despite the dealer network increasing its market share for the first time since 1974—from 18.2 to 19.2 per cent —it endured a difficult year through severe price competition and the high cost of money.

WVF gave concessions to the network in September 1981, equivalent to a 0.5 per cent reduction on the WVF charge.

The operating profits fell from £3.51m to £3.17m, and the distributable surplus was struck after interest receivable of £109,000, loan stock interest of £592,000 (£581,000), tax of £207,000 (£180,000) and an equity adjustment of £109,000.

WVF's minority shareholders are the National Coal Board Pension Funds, the Post Office Staff Superannuation Fund and the United Dominions Trust which each hold 8.3 per cent.

GGU etaoin shrdlu cmfwyp ...£

WVF's subsidiary WVF Commercial, which started operations on June 29 1981 funding commercial vehicles for the UK distributors of LVL, made operating profits of £142,000. After loan stock interest of £109,000, an exceptional item of £131,000 and formation costs of £11,000, the company produced an accumulated deficit of £109,000.

Stavert Zigomala

Stavert Zigomala, the Manchester-based furniture wholesaler, proposes issuing £4,000 in 8¾ per cent redeemable preference shares of £1.

In a letter to shareholders, Mr M. L. Cooper, chairman, explains that the 1980 Companies Act requires all public limited companies to have an issued share capital of £50,000 whereas Stavert Zigomala has only £46,000. Most ways of increasing the share capital would have involved an unacceptable variation of rights between deferred and ordinary stock holders.

The directors intend to allot the preference shares for cash to High Yield Investment Company which already holds 26.25 per cent of the ordinary capital and all the deferred capital. Extraordinary meeting

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arnott and Co Dublin‡	5.5	June 30	4.5	10	8.5
Barclays Bank	11.5	May 13	9.25	22	18.5
Blagden Noakes 2nd int	3	April 2	3	6	6
Fisons	6	July 1	3.1	10	10
Raine Inds ...int	0.1	May 5	0.03	—	0.03
Royal Insurance	15.5	May 21	14.75	25.25	24

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Irish pence throughout.

SPAIN

Feb 26	Price %	+ or −
Banco Bilbao	355	
Banco Central	354	
Banco Exterior	310	
Banco Hispano	322	
Banco Ind. Cat.	110	
Banco Santander	362	+6
Banco Urquijo	235	
Banco Vizcaya	375	
Banco Zaragoza	237	
Dragados	172	+2
Espanola Zinc	66	
Fecsa	60.5	+0.3
Gal. Preciados	43	−2
Hidrola	65.7	−0.3
Iberduero	51	
Petroleos	99	−0.7
Petroliber	94	
Sogefisa	14	
Telefonica	73	−0.5
Union Elect.	63.7	+0.7

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1981-82 High	1981-82 Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
124	100	ABI Hldgs. 10pc CULS	124	—	10.0	8.1	—	—
75	62	Airsprung	70	—	4.7	6.7	11.1	15.4
51	33	Armitage & Rhodes	45	—	4.3	9.6	3.8	8.5
205	187	Bardon Hill	200	—	9.7	4.9	9.7	11.8
100	100	CCL 11pc Conv. Pref.	100	—	15.7	15.7	—	—
104	69	Deborah Services	69xd	—	6.0	8.7	3.3	6.5
131	97	Frank Horsell	131	—	6.4	4.9	11.8	24.3
83	39	Frederick Parker	83	—	6.4	7.7	4.2	8.1
78	46	George Blair	52	—	—	—	—	—
102	93	Ind. Precision Castings	85	—	7.3	7.7	6.8	10.3
106	110	Isis Conv. Pref.	106	—	15.7	14.8	—	—
113	94	Jackson Group	97	—	7.0	7.2	3.1	6.9
130	108	James Burrough	112	—	8.7	7.8	8.2	10.3
334	250	Robert Jenkins	250	—	31.3	12.5	3.5	8.8
60	51	Scruttons "A"	60	—	5.3	8.8	9.2	8.5
222	160	Torday & Carlisle	160	—	10.7	6.7	5.1	9.5
15	10	Twinlock Ord.	13½	—	—	—	—	—
80	66	Twinlock 15pc ULS	78	—	15.0	19.2	—	—
44	25	Unilock Holdings	23	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	76	—	6.4	8.4	5.0	8.8
263	212	W. S. Yeates	228	—	13.1	5.7	4.3	8.8

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Letters to the Editor

Distortions created by Governments lead to unemployment

From Mr J. Brazier

Sir,—It is kind of Mr Brittan to review (February 25) my paper in which were set out the severe distortions created by successive Governments in the relative prices of labour and capital. I suggested that these distortions lead to the present very high levels of unemployment.

I think, however, that the full force of the argument can only be seen in an international context. The growth in unemployment in this country has been almost entirely a feature of the last decade. This is the very period over which most of the fiscal and legislative bias towards capital and away from labour intensive projects has arisen. For example 100 per cent first year capital allowances were introduced in 1971, regional employment premium in 1972 and, more recently, a growth in employer's national insurance contribution and taxes on the low paid have occurred.

Looking abroad over the same period, the only country to match this has been Belgium, with sharp rises in social security payments, heavy extra employers' costs and, once again, very large investment incentives. Belgium is now the only country with a higher rate of unemployment than the UK. A similar picture emerges on a more modest scale in France.

By contrast the U.S. set its face against capital investment incentives until last year and still has relatively low (by European standards) social security payments. After a whole generation with very much higher unemployment than the UK, there are now a lower proportion of jobless in the U.S. than over here.

The plain fact is that the major part of the present level of UK unemployment is neither the direct result of the Government's tight fiscal and monetary policies nor the end product of a long-term trend.

If the Government wishes to reduce unemployment it should seek to move the fiscal framework back to neutrality so that those companies which employ large quantities of labour are no longer handicapped while those which invest in capital equipment are no longer heavily subsidised.

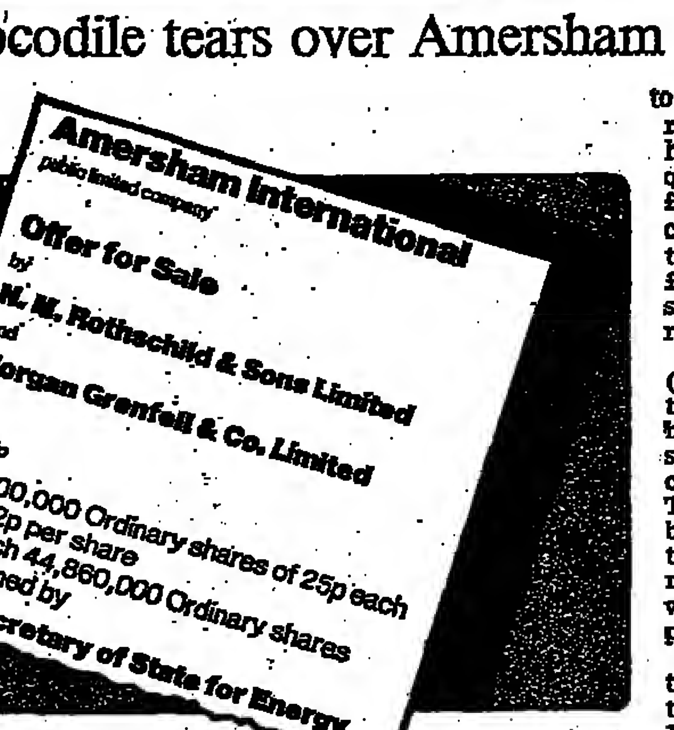
J. W. H. Brazier.
123, Alderney Street, SW1.

Politicians' outcry and crocodile tears over Amersham

From Mr I. Beesley

Sir,—Having been exhorted to invest in Britain, and having read the financial papers I decided to apply for some shares in Amersham International. Mr Foot and his colleagues also assured me that it was being sold off cheaply so I knew that I was on to a good thing.

I therefore "stagged" the issue. I applied for 10,000 shares and sent off my cheque for £14,200. I hoped thereby to avoid a ballot and at least to obtain a few shares. Indeed, I was correct and had an allocation of 350 shares together with a repayment of £13,703. With a *huge sigh of relief that I had* not made a terrible blunder and the issue had become a flop I quickly paid in to the bank the cheque to keep my bank manager's ulcers at bay. I phoned the local broker and by 9.40 am last Thursday to my delight I had a profit of £149.35.



Amersham International
public limited company
Offer for Sale
by
N. M. Rothschild & Sons Limited
and
Morgan Grenfell & Co. Limited
of up to
50,000,000 Ordinary shares of 25p each
at 142p per share
of which 44,860,000 Ordinary shares
are owned by
The Secretary of State for Energy

Oh! The outcry and crocodile tears of the politicians!

Do they not realise that out of my profit of £149.35 I shall now pay to the Government 30 per cent capital gains tax £44.80.

I now have £104.55, but as it will be 12 months before I pay this tax I shall have spent my £149.35 and given to the Government another 15 per cent for VAT of £22.40.

I now have £82.15. But my *friendly bank manager told me* I was to pay £20.65 in interest charges for the use of his money.

I now have £61.50!

I ask myself was it really worth taking such a chance? But then I enjoyed the challenge. Next time I may not be so lucky, but at least I now have a gain to set against any future loss — if I haven't spent it all!

Ian Beesley.
Woodlands,
36, Glenferness Ave.,
Bournemouth, Dorset

From Mr J. Kennedy

Sir,—The offer for sale of Amersham International shares prompts me to write with some observations on heavily over-subscribed offers in general.

Consider an application for £100,000 worth of shares. The bankers making the offer — N. M. Rothschild and Morgan Grenfell — will have banked the cheque on Thursday 18th and propose to post balance cheques on Wednesday 24th so that the applicant cannot, at best, bank it till seven days after his cheque was banked. He will pay about £230 in non tax deductible interest. His allocation of shares would have been about £3,500 worth and he expects a (taxable) capital gain of £700 to £1,000. For this he has risked £100,000 and if the issue had flopped would have made quite a large loss — perhaps £5,000 to £10,000. His gain is considerably less than the customary underwriting fee on £100,000 of shares. It does not seem to me a particularly high reward for the risk.

The interest he is charged (or loses) corresponds to interest gained by the banks who have the use of the money for seven days, around £4m in this case. Do they keep it? Why? They could easily refrain from banking applicants' cheques until at least the day they post return cheques and announce what day this was to be in the press.

Why do issuing banks favour, to some extent, small applications? Someone who is allotted 100 shares either sells them to make a gain almost or completely swallowed up by minimum brokerage or keeps them to receive dividends of a few pounds per year of little importance to him and probably costing the company two or three times their actual amount in administrative costs, annual reports, and so on. One in addition supposes that a large number of these small applications are the result of multiple stagging which banks say they dislike. The remedy is to have a minimum application and allotment of say £1,000.

J. D. Kennedy.
20 Gloucester Crescent, NW1

A trust to protect the whole holiday package

From the Chairman,
Taber Holidays Trust.

Sir,—May I extend further the comments Sidney de Haan (February 25) made in the aftermath of the Laker collapse. My company, under the brand names of "Norway Only" and "Switzerland Only," is probably the one to which Mr de Haan refers when he says that he knows of only one *other tour operating company* which places clients' money on deposit.

Our tour operations are embodied in a trust deed. The trust has five trustees of whom three are our external auditors (who have the permanent chairmanship of the trust) and the others our financial director and myself. All clients' deposits and balances go immediately into the trust account and attract considerable interest. But from here we go much further than Mr de Haan suggests for once the client goes on holiday his money continues to be held in trust on behalf of all the component factors of his holiday, i.e., the hotelier, the airline or shipping company, our representatives abroad, etc. Only when all these liabilities have been met do the trustees transfer the gross profit remaining in the trust account to the company's own overhead account. Thus the company never holds the clients' money but simply gets paid for its services (and is the last to get paid) by the trustees *like* any other factor in the holiday.

Trust accounts are checked at least once each week by the auditors. All cheques carry two signatures, those of an internal and an external trustee. Bank accounts are also held abroad to facilitate easy payment of bills—these are also trust accounts. Thus 100 per cent protection is given not only to our clients but to those suppliers whose product forms part of the holiday.

Our overheads are not covered by the trust but are paid from our gross profit. We spend and risk what we have, not what we hope to have and certainly not our clients' money.

Another consequence of the trust is that we are not in a position to pay advance deposits to suppliers but they cannot have their cake and eat it! They benefit in the knowledge that in the most unlikely event of our company going into liquidation they would be paid out in full by the trustees for any services already provided. No supplier at home or abroad has ever pressed for a deposit.

We are still bonded with both the Association of British Travel Agents and the Civil Aviation Authority *although* our bond is minimal. This is a bone of contention with us as we feel that having set up our operation in such a way as to intentionally and effectively give the public and our suppliers 100 per cent protection, there should be no further bonding requirements placed upon us.

Our relationship with both the CAA and ABTA is extremely good but we have the feeling that as we are a "one off" they do not quite know what to do with us. I fully appreciate their quandary but do feel that it is now time that our type of trading was encouraged.

Roy Taber,
Norway House,
126 Sunbridge Road,
Bradford, West Yorkshire.

Private sector finance for the Channel tunnel

From Mr A. Gueterbock

Sir, — I would like to clarify the position of my company following the report "Link plans for Channel fall short" (February 18).

It was reported that "six groups had submitted schemes for tunnels and bridges to the Transport Department but none had been able to produce more than an outline of its financing plan. . . ." The report concluded: "Some have insisted on completion guarantees and guarantees from British Rail and *French Rail*."

The Tarmac, Wimpey, Robert Fleming and Kleinwort Benson consortium which comprises Channel Tunnel Developments (1981) is confident that the required funds for the financing of its 3-phase 7-metre diameter Channel tunnel project can be raised entirely from the private sector without recourse to government funds or financial guarantees.

This is the financial judgment of two of the City's leading merchant banks based on their world-wide experience of funding similar ventures, a judgment which was concluded only after having taken careful soundings in the world money markets. *It is not possible at* this stage of developments to obtain firm financial commitments from private sources for a project which — until the British and French Governments have made a positive decision as to which project they favour — does not exist. We suspect that other contenders *find themselves in* a similar position.

CTD 81 does not require a government completion guarantee—but it would seek to negotiate a throughput contract with British and French Railways.

Let it be perfectly clear that this is not a "back-door" method of obtaining a "one-stage removed" government *guarantee. The throughput con*tract would be a straight forward commercial arrangement similar to contractual agreements which already exist between BR and large-scale users of its services.

Incidentally, Keith Wickenden (February 22) said I was wrong to say that since 1974 cross *Channel* sea ferry charges have increased by more than inflation. Travelling in winter and at night one expects tariffs to be at bargain rates, but since 1973 summer season tariff increases based on an average car (4.5 metres long carrying 2½ passengers) have been continuously and significantly above the retail price index.

A. F. Gueterbock.
Channel Tunnel Developments (1981),
27, Hammersmith Grove, W6.

Index-linked pensions

From Mr R. Sloan

Sir,—The audacity of Government index-linking the pensions of its own employees (Mr T. G. Arthur, February 23) almost pales into insignificance when set alongside the commencing level of these pensions.

The 3/80th cash retirement gratuity in public sector schemes can be regarded as equivalent in value (at 9—1) to increasing the 1/80th non-commutable pension to an effective 1/60th of final salary per year of service. A public employee retiring after a full 40-year career will therefore receive a total pension entitlement of 40/60ths of final salary, of which 75 per cent is index-linked.

Since a married man will also receive the basic state pension of £2,462 pa (again *index-linked*), Mr Smallbone's Boodle (February 23), who earned £9,000 pa, would enjoy a total pension of £8,462 pa, or 94 per cent of gross pay. When we also take into account the effects of income tax and national insurance contributions, however, we find that this represents net pay replacement of 105 per cent. The break-even point of 100 per cent occurs at a salary just under £11,000 pa.

There can be little doubt that such deliberate over-provision of pension is a much greater act of dishonesty to tax-payer and rate-payer than index-linking as such. If the Government is serious in chastising the private sector for failing to index pensions, then the tax saving from cutting the excessive starting pensions of its own employees (let alone curbing the index-linking) would make a welcome contribution towards meeting the cost of indexing private sector pensions.

R. K. Sloan.
Martin Paterson Assoc.
9, Albyn Place, Edinburgh.

From Mr D. Townsend

Sir,—Mr Smallbone (February 23) recounts the cautionary tale of Messrs Boodle and Coodle, gentlemen who retired on vastly different gross pensions. Boodle received a pension of £6,000 whereas poor old Coodle had to make do with a miserable £3,300, simply because he had the initiative (and ultimate misfortune) to change employers at the mid-point of his career.

The unfairness in this anecdote is merely the tip of the iceberg. I see no valid reason for the omission of Boodle and Coodle's neighbour, Doodle, from the story. Doodle's career and pension scheme history is in fact a precise parallel to that of Boodle; i.e., he retired at the same time on an identical pension of £6,000, the only difference being that Doodle's 40 years of pensionable service were spent in the public sector.

At the date of retirement, the financial circumstances of Doodle and Boodle appear absolutely identical, and both of them are some 82 per cent better off than Coodle. On the assumption, however, that inflation during the first 10 years of our friends' retirement runs at the same rate as it did during the past 10 years, the picture would appear as follows:

	pa
Boodle ...	£6,000
Coodle ...	£3,300
Doodle ...	£24,508

Or to put it another way, Doodle's inflation-proofed pension has been maintained at a real equivalent of £6,000-current value pounds, whereas Boodle's has been reduced to £1,469 and Coodle's to £808.

Since the Government obviously has no intention of dealing specifically with either of these blatant injustices and is clearly committed to the continuance of a high rate of inflation as a vehicle of covert taxation, we should not be surprised to shortly witness many "over-60's" clubs going the way of Toxteth class-rooms.

D. A. Townsend.
11, Janmead, Hutton, Essex.

From Mr T. Shucksmith

Sir,—Mr Arthur stated (February 23) that on currently reasonable assumptions the amount of price index related pension which could be provided at age 65 for each £100 per annum of non-increasing pension given up would be £42 per annum. This means that the real cost of providing an honest money pension of the same starting level would be nearly 2½ times the cost of present benefits. If real investment returns remain more or less the same, the implication is that for honest money pensions to be provided the cost will dramatically increase or the initial levels of pension must be reduced.

He blames the Government for creating inflation and sees the solution in stopping inflation. Stopping inflation will not remove the choice between higher cost or lower initial benefits. It will mean that the alternatives will cease being a dilemma and become an unavoidable choice.

I am all for inflation being stopped, but it is outside the power of individuals and employers to achieve that on their own. In the meantime is the continuance of inflation an honest excuse for avoiding the choice? The same choice also applies to remedying the loss of pension expectations of early leavers and retirements (Mr A Smallbone, February 23).

Tom S. Shucksmith.
Roquebrune,
Blackborough Road,
Reigate, Surrey.

Greece under Papandreou

The radical of yesteryear

By David Tonge, recently in Athens

THE CONTRAST between Mr Andreas Papandreou, the forceful radical of yesteryear, and Prime Minister Papandreou, the measured spokesman of his country today, is striking. Yet there is an equally crucial contrast now evident in Greece, between the current stability of the country and the fact that it is undergoing its most radical changes in half a century.

● Dr Andreas Papandreou (right), the 1977 opposition leader—head of an avowedly Marxist movement; believer in a national liberation struggle for Greece; foe of Nato and the EEC; and advocate of the "socialisation" of industry.

● Prime Minister Papandreou in 1982—pragmatic national leader; "correct in his dealings," in Washington's view; working within Nato and the EEC; winning support from many industrialists

With Dr Papandreou's election victory last October, Greece's reformists are in power for the first time since the era of *Europe's dictators*. They have carried out a major purge of the top ranks of the state machinery. Their own appointees now fill all policy-making positions, from ministries and state-controlled banks to television and the state oil refinery.

They have decapitated the civil service, abolishing two senior grades and limiting service to 35 years. They have scrapped many of the grace and favour committees which had mushroomed over the years. Economic policy is being decided by a new top-level committee headed by the Prime Minister.

Politically, many old established Greek attitudes are being altered. The ending of the Church's monopoly over marriage, equality for women, the abolition of school uniforms and capital punishment, the lowering of the voting age to 18, all these reforms, and more, have been introduced or are under way.

A radically different spirit is abroad. The fact that one-half the cabinet has been political prisoners and one-third has suffered torture is reflected in the more democratic tone of Papandreou's Greece. The opposition is being given regular access to television, a novelty in the country. The union department of the security police has been abolished. Trades union and co-operative legislation are being eased. A younger and more open generation rules the roost.

It could well have been chaos. Indeed at times it seems the Government is learning to fly only after the plane has already taken off. Yet after its first four months in office the judgment must be that so far the transition of power has been remarkably smooth.

One statistic symbolises the degrees to which the previous government had run into the ground. The public sector borrowing requirement last year reached an ominous 14-15 per cent of GNP. This was almost twice the 1980 level, the jump largely reflecting that government's attempts to spend its way out of electoral defeat.

This and the general economic policies of the previous government have just been witheringly criticised in one of the more scathing country reports ever drafted by the Paris-based Organisation for Economic Co-operation and Development. Last year consumer prices rose by 24.5 per cent, GDP fell by ½ per cent and investment by 12 per cent.

This failure on the economic front was coupled with a general lack of progress elsewhere. The *Macmillan-style instincts* of Mr George Rallis were continually thwarted by the "backwoodsmen" in his party. Inefficiency, patronage and, at times, corruption were the order of the day.

It is this background which both contributed to Dr Papandreou's sweeping election victory and now ties his hands. For the vaunted "rendezvous with history" of his party, Pasok, has become something of a trek through what he now calls "scorched earth". His priorities have had to change.

He says *he is still setting* the stage for "the further development of Greece in the direction of socialism." But, as he told the Financial Times in his first newspaper interview since taking office: "That is not something which can be achieved in four years." Instead efficiency and economic revival have joined democratisation and modernisation as the words, he stresses to visitors to his pine-ringed house above Athens.

The 1982 forecasts prepared this winter by the OECD, now slightly overtaken by events, show the problems facing Greece's new rulers. Consumer prices were expected to rise by 28 per cent, investment to fall by 5 per cent and gdp to grow by 1.5 per cent. The current account deficit was forecast to rise slightly, from $2.5bn to $2.75bn. These forecasts are now being changed, in particular where inflation is concerned: the government has adopted a far tougher range of policies than the OECD had assumed.

The PSBR is to be trimmed by 2-3 per cent. Promises of new schools and hospitals have had to be shelved. Fiscal policy is being tightened, with a new wealth tax likely.

A tighter monetary policy is planned, as is an incomes policy — though here the Government's partial indexing of wages has raised labour expectations and could make today's virtually strike-free Greece a cherished memory.

Far from nationalising industry, it is emphasising that its first duty is "to restore business confidence and investment activity," as Mr Gerasmos Arsenis, Governor of the Bank of Greece, puts it.

Yet contacts with many leading industrialists have been carefully nurtured. The "socialisation" plans for industry turn out to involve bringing unionists and local and national government representatives on to management boards. They now scare few. "Why should we complain at being asked to do in Greece what we already accept for our subsidiary in West Germany?" says a spokesman for Piraiki Patraiki, the country's leading textiles firm.

Mr George Tsatsos, managing director of Heracles General Cement, Europe's single largest cement exporter, goes further: "I think they have good intentions. They are new in power, but a lot of indications show their goals are in the right direction."

Public opinion polls show that Dr Papandreou's standing has continued to rise since the October elections. Yet just as the bleak light of reality has obliged him to change his policy on the economic front, so it is affecting his foreign policy. Here, the overriding influence is the perceived threat from Turkey.

Dr Papandreou's emphasis on *this threat* has to some extent become a self-fulfilling prophecy. His banging the table at Nato in December has caused the Turks to react so angrily that many Greeks fear confrontation.

However, on both Nato and the EEC there is a willingness to work within existing frameworks.

The opposition takes a very different view, talking increasingly of the "dawn of a one-party state"—though its own past record is far from perfect. Mr Evangelos Averof, the *veteran conservative politician* is particularly concerned about three aspects of the administrative shake up—the scale of change, the individuals brought in, and the degree to which Pasok's "green guards" interfere in the state machinery. Green is Pasok's party colour.

On all these the opposition may have a point, for the *Government came* to power with a deep suspicion of the apparatus it inherited. It has thus spent much of its time trying to ensure, not always successfully, that its policies will not be sabotaged.

As for the "green guard," direct evidence is scarce, but the charge has sufficiently exercised Dr Papandreou for him recently to summon a special meeting of 4,000 party cadres to tell them to keep out of the Government's work.

This problem of satisfying a party more radical than its leaders have become may erupt in the future. But for today the "greening of Greece" goes on apace. Dr Papandreou's honeymoon continues.

Sangers cuts losses with pharmaceutical disposals

Sangers has acted to staunch its heavy losses by announcing plans to close or sell the bulk of its wholesale pharmaceuticals division, which has been its dominant business. It is retaining just two of its 14 pharmaceutical branches and expects to raise net cash of some £2m.

One of its principal competitors in this market, Macarthys Pharmaceuticals, is to acquire Sangers' distribution depots in Bristol, Plymouth and Truro. It expects to pay £1.5m for the assets which comprise stock at valuation, fixtures, fittings and motor vehicles at their written down value at March 1.

Macarthys has also contracted to buy the stock from Sangers branches at Brighton and Bedford for £700,000, less a 5 per cent handling charge. Profits are expected to exceed £400,000 as the depots are brought into line with Macarthys' method of operation.

Another branch is being sold to Payden, a private company, which will acquire the Maidstone operation while the Reading depot will be acquired by Ferryman.

Seven of the 14 branches will be closed and the total disposal of current assets is expected to raise some £6m. Fixed asset sales are expected to fetch a further £350,000.

A sum of £1m will be written off against net book value and terminal costs of about £1m will be charged as exceptional items. Ten freehold and leasehold premises are to be retained, with a book value of £1.1m, for future sale.

Sangers will comprise three activities when the disposal is completed by next August. Its photographic division and the two retained Northern Ireland pharmaceutical operations are in profits, the chairman Mr George Robinson said yesterday, and the agencies division — in which Sangers represent leading pharmaceutical manufacturers—is reducing its losses.

Mr Robinson said that the board had been reviewing the outlook for the pharmaceutical division over the past year with the intention of closing it down if its contribution was not starting to recover. The wholesaling business, however, had passed its deadline suffering further pressure on very thin margins.

The disposal negotiations were conducted by a boardroom newcomer, Mr Brian Flinn, a management consultant and one of the two appointments suggested by Sangers' Bermuda-based shareholder, Mr Tom Whyte.

The shares, which were suspended last week at 45p, are expected to resume trading today.

ORE HOLDING

Ocean Research and Equipment of the U.S. has bought 23,386 shares of ORE, the UK supplier of underwater acoustic instrumentation, raising its holding to 421,344 shares, 29.99 per cent.

Ocean Research, formerly ORE's parent, reduced its holding to 40 per cent in a placing in September 1980. A year later, merger negotiations between the two were announced but then called off last November. Meanwhile, Ocean Research's holding had been diluted to 29.2 per cent by shares issued last year for the acquisition of J. Mills Electronics.

Mr D. R. Stone, managing director of ORE, has bought 17,902 shares, raising his holding to 127,902 shares, 9.1 per cent of those issued, and Mr Jan Hemmskirk, another director, has purchased 2,621 shares, raising his holding to 46,221 shares, 3.43 per cent.

Mr John Mills, a former ORE director, sold 13,333 shares, reducing his beneficial holding to 47,383 shares.

ORE shares gained 18p yesterday to 168p in the first day of trading in the Unlisted Securities Market following a one-for-one scrip.

WOLVERHAMPTON INCREASES HOLDING IN DAVENPORTS

Wolverhampton and Dudley Breweries has purchased 162,174 shares (2 per cent) in Davenports Brewery, bringing its stake up to 649,750 shares (8 per cent).

Mr R. Houle, finance director of Wolverhampton and Dudley, said that the company looked upon the stake as "a long term investment" and added "we are in the market as buyers. We would hate to see anyone else get in there. Maybe sometimes the two companies could get together. The two companies have a similar outlook. We don't come up against one another."

Mr N. Frost, finance director of Davenports said: "There is no intention of the two companies getting together at the moment. We are fiercely independent. It is very much an investment on their part. The move is not unwelcome. It is an indication of confidence in us."

Yesterday Davenport's share price closed at 156p, up 11p.

Fairey Holdings to manufacture robots

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

Fairey Holdings is launching into the manufacture of robots with the purchase of the industrial robot division of Jonas Oglaend, a Norwegian company, for £750,000.

Last April, Fairey, *which is* part of the S. Pearson group, took on the UK sales licences of six Italian robot makers. The company set up Fairey Automation to sell robot packages to British industry. It announced yesterday that it has taken orders worth £500,000 during this period.

The Oglaend range of "pick and place" robots—robots used for handling purposes—is complementary to the existing range at Fairey, according to *Mr Ian Rollo, managing* director of Fairey Automation.

The range will initially be supplied from Norway and marketed internationally by Fairey under the name Fairey Move-O-Matic. During the course of the year, the manufacturing operation will be transferred to the UK.

Fairey Automation was set up with working capital of around £500,000, and occupied a new factory cum showroom on an industrial trading estate in Swindon.

It prides itself on being able to offer applications know-how to prospective customers, and the intention is that it will design and manufacture its own robots.

Mr Rollo said the division will require some £250,000 additional working capital over the next two years to expand its robot activities and employ another 20 engineers, technicians and sales staff.

Oglaend is a diversified engineering and services group which began designing and manufacturing robots 10 years ago for its own use. Five years ago, it started selling outside and there are now about 180 Oglaend robots in use, mostly in Scandinavia and West Germany.

CONSULT TAKES 9.5% UKO STAKE

Consult International, an Edgbaston finance and investment company wholly owned by Mr Ron Shuck, has acquired 9.5 per cent of the shares of UKO International, the spectacle manufacturers.

Mr B. Wood, finance director of UKO, said yesterday: "We know nothing whatever about Consult International."

Mr Chuck, chairman of Consult said that it was premature to make any comment. Last month Mr Shuck acquired, through Consult International, New Day Furnishing Stores and its hire purchase company, North Wales Trust.

Yesterday UKO's share price closed at 42p unchanged, a third of the net asset value.

KLEINWORT REDUCES THERMAL HOLDING

Kleinworth Benson Investment Trust has reduced its holding in Thermal Syndicate, manufacturer of fused quartz and silica, by the sale of 750,000 ordinary shares.

The trust remains beneficially interested in 713,313 shares, equivalent to 10.08 per cent.

North British Steel ahead at £595,000

BY MARK MEREDITH

North British Steel increased production and sales in 1981 despite the heavy over-capacity which confronts the industry.

Pre-tax profits were up from £296,000 to £595,000, according to the report for the year ended September 26 1981 issued yesterday.

Mr Macbeth Menzies, who had held the post of chairman for 50 years, resigned yesterday. He was succeeded by his son, Mr George Menzies.

The company's cash resources were strengthened by efforts to reduce stocks, although cost savings were hampered by increased fuel prices, the directors say.

They recommend payment of a final dividend of 1.49p, making a total for the year of 2.2p—an 8.75 per cent increase over last year.

The problems of the industry stem partly from modernisation programmes during the 1970s when the Government, through a system of grants, ecncouraged technological improvements in the foundries.

North British embarked on a £5m improvements programme, and other foundries also modernised their production and greatly streamlined the process of casting, improving output.

In his statement, Mr Menzies noted that the group was benefiting from a major investment programme launched during the mid-1970s, although technical problems prevented the realisation of the full potential of the steel casting plant at Bathgate.

Britannia Arrow director resigns

Mr Alan Maidment has resigned as a director of Britannia Arrow Holdings and hopes to join a smaller group in unit trust management.

Mr Stuart Goldsmith has succeeded Mr Maidment as managing director of the Britannia Group of Investment Companies. Mr Maidment, who has been at Britannia, formerly part of Slater Walker, for 13 years, *said there were no* problems but he felt the time was right to make a change.

TOR INV. TRUST RISES MIDWAY

Net revenue after tax of the Tor Investment Trust rose from £218,527 to £232,395 in the six months to January 31 1982.

The interim dividend is being increased to 3.5p (2.8p) net per 25p income share, to reduce the disparity between it and the final. Last year a total of 9.1p was paid out of net income of £437,390 (£419,897) and capital shares paid a single dividend of 0.91p net per 25p share.

Gross income of £452,157 (£407,268) was made up of franked income of £262,225 (£242,854), unfranked of £135,800 (£107,730) and deposit interest of £54,132 (£55,412). Last time there were also fees and underwriting commission of £1,270.

Debenture interest took £5,500 (same), dollar loan interest £47,325 (£22,206) and management expenses £35,365 (£35,603). The tax charge was £131,572 (£125,430).

At January 31 investments were valued at £12.09m. The net asset value per income share was 72.1p ex dividend, and that per capital share was 367.4p on the same basis.

Jersey buyer for L. Holliday

THE receiver of L. B. Holliday and Co., Mr Peter Copp, of Stoy Hayward, announced that the business has been sold as a going concern to a Jersey-based consortium headed by Mr Terry Brain.

Holliday, Huddersfield maker of dyestuffs and intermediate products, went into receivership in October 1981. The company has continued trading during receivership and rationalisation carried out by the receiver has reduced the workforce from 450 to 320.

Despite difficult trading conditions sales have been maintained at an annual rate of about £9m and in particular UK sales have held up well.

The purchasers have acquired all the assets at Huddersfield as well as the subsidiaries in Germany, Hong Kong, Canada and Australia.

SMITH ST AUBYN

The recent Smith St Aubyn one-for-one rights issue of 10.8m ordinary shares of 25p at par has been taken up in respect of 10,636,866 ordinary shares (98.5 per cent).

The issue was underwritten by Robert Fleming. Shares not taken up have been sold in the market at a premium.

Y. J. LOVELL RIGHTS RESULT

Y. J. Lovell's recent one-for-four rights issue of 1,719,435 shares of 25p at 220p per share, has been taken up in respect of 1,599,323 new ordinary shares (93 per cent). The issue has been underwritten by S. G. Warburg.

IMPROVEMENT AT ASPRO-NICHOLAS

For the six months to the end of December last, Aspro-Nicholas, a subsidiary of Nicholas International, Australia, lifted trading profit before interest from £2.86m to £4.24m. The company makes pharmaceuticals, household products and chemicals.

EAST OF SCOTLAND'S $1.4M INVESTMENT

East of Scotland Onshore has made an investment in Branham Industries Inc. of Conroe, Texas, amounting to $1.35m.

Branham manufactures drilling masts, derricks and substructures for the oil industry from their bases in Texas and England. ESO will ultimately hold 7.8 per cent of the equity of Branham Industries.

PRITCHARD/ARROW DEAL COMPLETED

Pritchard Services Group has completed the acquisition of Arrow Securities, the Sheffield-based security service company. Purchase price was £215,000, satisfied by the issue of 150,000

Pirelli General improves

PRE-TAX profits of Pirelli General, which is engaged in the manufacture, sale and installation of electric cables and accessories, improved from £6.06m to £7.69m for 1981 despite a fall in group sales to £108.56m, compared with £123.9m.

The surplus was struck after depreciation of £3.07m (£2.8m), interest charges of £1.65m (£2.84m) and a share of associates losses this time of £220,000.

After higher tax charges of £2.56m (£760,000) and minorities of £7,000 (£15,000) attributable profits emerged at £5.12m, against £5.28m.

A final dividend costing £1m, and making £1.5m (£1.25m) for the year is being recommended and in addition £1m of the attributable profit is to be capitalised and distributed to shareholders in the form of fully-paid ordinary shares.

The group has an issued equity capital of £20.75m, none of which is quoted.

SCOTTISH METROPOLITAN

Compulsory conversion by Scottish Metropolitan Property of its outstanding 9 per cent convertible unsecured loan stock 1992-96, has led to the allotment of 825,053 shares to holders of £379,880 of stock.

LONDON TRADED OPTIONS

Mar. 1 Total Contracts 1564. Calls 971. Puts 593.

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	280	13	2	22	2	30	2	280p
BP (c)	300	5	8	13	14	19	—	"
BP (c)	330	2	6	7	—	12	—	"
BP (c)	360	1	1	4	—	—	—	"
BP (p)	260	6	4	—	—	—	—	"
BP (p)	280	17	—	20	3	26	1	"
BP (p)	300	34	—	36	—	38	—	"
BP (p)	330	64	1	66	—	68	—	"
CU (c)	120	25	10	28	—	30	—	144p
CU (c)	130	15	1	20	—	25	—	"
CU (c)	140	8½	9	13	5	17	—	"
Cons. Gld (c)	420	20	26	33	4	42	—	407p
Cons. Gld (c)	460	8	5	17	4	22	10	"
Cons. Gld (c)	500	6	—	8	15	17	—	"
Cons. Gld (c)	550	3	—	7	3	—	—	"
Cons. Gld (p)	420	26	50	32	14	37	—	"
Cons. Gld (p)	460	60	11	64	20	62	—	"
Cons. Gld (p)	500	97	1	97	—	97	—	"
Ctlds. (c)	60	21	25	24	—	—	—	80p
Ctlds. (c)	70	13	—	15	15	18	—	"
Ctlds. (c)	80	6½	35	9	6	11½	—	"
Ctlds. (c)	90	2½	—	5½	4	7½	20	"
GEC (c)	800	37	9	64	—	82	—	814p
GEC (p)	750	8	5	17	—	—	—	"
GEC (p)	800	23	1	32	1	37	4	"
GEC (p)	850	50	41	57	—	65	—	"
Gr'd Met. (c)	180	19	3	27	—	32	—	193p
Gr'd Met. (c)	200	8	8	13	1	18	—	"
Gr'd Met. (p)	180	6	15	10	26	12	10	"
Gr'd Met. (p)	200	16	16	21	—	22	—	"
ICI (c)	300	25	5	34	—	44	3	318p
ICI (c)	330	12	16	21	5	32	—	"
ICI (c)	360	6	43	10	—	15	2	"
ICI (p)	280	2½	10	4	—	—	—	"
ICI (p)	300	5	11	10	—	14	—	"
ICI (p)	330	20	2	24	—	28	—	"
ICI (p)	360	46	11	48	—	52	—	"
Mks. & Sp. (c)	130	14	—	16½	1	22	—	140p
Mks. & Sp. (c)	140	7½	—	10½	—	13½	12	"
Shell (c)	330	16	3	26	1	36	1	332p
Shell (c)	360	7	—	14	1	24	—	"
Shell (p)	330	14	33	18	5	20	—	"
Shell (p)	360	40	2	40	1	42	—	"
Shell (p)	390	70	2	70	—	70	—	"
		May		August		November		
Barclays (c)	390	92	2	—	—	—	—	480p
Barclays (c)	460	23	2	53	—	68	7	"
Barclays (c)	500	12	15	23	—	38	—	"
Barclays (p)	460	17	25	27	—	32	—	"
Barclays (p)	500	40	15	45	—	48	—	"
Imperial (c)	70	16½	14	19	—	—	—	85p
Imperial (c)	80	9	4	12	250	14½	—	"
Imperial (c)	90	4	50	5½	158	7½	—	"
Lasmo (c)	300	13	10	24	—	—	—	284p
Lasmo (c)	330	6	8	15	—	—	—	"
Lonrho (c)	80	3½	7	5½	19	7½	—	74p
Lonrho (p)	80	9	6	10½	—	13	—	"
P & O (c)	120	14	5	15	—	21	—	126p
P & O (c)	130	8	19	11	—	16	—	"
Racal (c)	330	32	—	45	4	57	—	348p
Racal (c)	360	17	—	27	2	38	—	"
Racal (c)	390	6	4	18	2	27	—	"
Racal (c)	420	3	—	10	2	—	—	"
Racal (p)	330	6	7	10	16	15	—	"
Racal (p)	360	20	54	27	—	32	—	"
Racal (p)	390	46	7	50	—	52	—	"
Racal (p)	420	77	1	80	—	—	—	"
RTZ (c)	390	42	15	55	3	—	—	414p
RTZ (c)	420	17	4	37	—	50	1	"
RTZ (p)	390	10	12	17	57	—	—	"
RTZ (p)	420	23	10	27	—	27	—	"
RTZ (p)	460	52	3	55	—	54	—	"
RTZ (p)	500	92	3	95	—	—	—	"
Vaal Rfs. (c)	60	—	—	—	10	7½	—	$51
Vaal Rfs. (c)	55	3¾	11	4¾	—	6½	—	"
Vaal Rfs. (p)	50	—	—	—	—	4¾	8	"
Vaal Rfs. (p)	55	5½	—	7	—	8	4	"

BASE LENDING RATES

A.B.N. Bank	13½%
Allied Irish Bank	13½%
American Express Bk.	13½%
Amro Bank	13½%
Henry Ansbacher	13½%
Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	13½%
BCCI	13½%
Bank Hapoalim BM	13½%
Bank Leumi (UK) plc	13½%
Bank of Cyprus	13½%
Bank Street Sec. Ltd.	15½%
Bank of N.S.W.	13½%
Banque Belge Ltd.	13½%
Banque du Rhone et de la Tamise S.A.	14 %
Barclays Bank	13½%
Beneficial Trust Ltd.	14½%
Bremar Holdings Ltd.	14½%
Bristol & West Invest.	15 %
Brit. Bank of Mid. East	13½%
■ Brown Shipley	14 %
Canada Perm't Trust	14½
Castle Court Trust Ltd.	14 %
Cavendish G'ty T'st Ltd.	15½%
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
Citibank Savings	¶14 %
Clydesdale Bank	13½%
C. E. Coates	14 %
Consolidated Credits	13½%
Co-operative Bank	*13½%
Corinthian Secs.	13½%
The Cyprus Popular Bk.	13½%
Duncan Lawrie	13½%
Eagil Trust	13½%
E.T. Trust	14 %
Exeter Trust Ltd.	14½%
First Nat. Fin. Corp.	16½%
First Nat. Secs. Ltd.	16½%
Robert Fraser	14 %
Grindlays Bank	‡13½%
■ Guinness Mahon	13½%
■ Hambros Bank	13½%
Heritable & Gen. Trust	13½%
■ Hill Samuel	§13½%
C. Hoare & Co.	†13½%
Hongkong & Shanghai	13½%
Knowsley & Co. Ltd.	14 %
Lloyds Bank	13½%
Mallinhall Limited	13½%
Edward Manson & Co.	14½%
Midland Bank	13½%
■ Samuel Montagu	13½%
■ Morgan Grenfell	14 %
National Westminster	13½%
Norwich General Trust	13½%
P. S. Refson & Co.	13½%
Roxburghe Guarantee	14½%
E. S. Schwab	13½%
Slavenburg's Bank	13½%
Standard Chartered	‖13½%
Trade Dev. Bank	13½%
Trustee Savings Bank	13½%
TCB Ltd.	13½%
United Bank of Kuwait	13½%
Whiteaway Laidlaw	14 %
Williams & Glyn's	13½%
Wintrust Secs. Ltd.	13½%
Yorkshire Bank	13½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.00%. 1-month 11.25% Short term £8,000/12 month 13.6%.
† 7-day deposits on sums of:—under £10,000 11.00%. £10,000 up to £50,000 11¼%. £50,000 and over 12¼%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12%.
§ Demand deposits 11%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$350	—	—	—	—	5	52	$361.50
GOLD C	$375	—	—	18	27 B	8	42	"
GOLD C	$425	25	3.50	—	—	—	—	"
GOLD P	$375	—	—	11	26	—	—	"
GOLD P	$400	3	40.50	—	—	—	—	"
12¾ NL 81 87-91								
C	F.110	20	0.80	1	1	—	—	F.108.90
10¾ NL 80 86-95								
C	F.97.50	25	2.80	10	3.60	—	—	F.108.90
C	F.100	5	1.50	10	1.90	—	—	"
P	F.97.50	—	—	—	—	20	0.90	"
		April		July		Oct.		
AKZO C	F.22.50	15	6.60	—	—	—	—	F.29.10
AKZO C	F.25	51	4.10 B	10	8	—	—	"
AKZO C	F.27.50	14	2.10	9	2.70	26	3.20	"
AKZO C	F.30	55	0.80	32	1.30	146	1.50	"
AKZO P	F.25	—	—	4	0.50	—	—	"
AKZO P	F.27.50	—	—	115	1.20	10	1.30 B	"
AMRO C	F.50	—	—	—	—	3	2 A	F.46.50
AMRO C	F.55	—	—	—	—	4	0.60	"
HEIN C	F.50	—	—	2	6	—	—	F.53.50
HEIN C	F.55	68	1.70 B	2	2.20	10	3	"
HOOG C	F.15	10	1	2	1.70	—	—	F.15.40
HOOG C	F.17.50	—	—	—	—	10	0.90	"
KLM C	F.100	54	4.20 B	7	7.20 B	—	—	F.98.20
KLM C	F.110	63	1.30	56	3.90	—	—	"
KLM C	F.120	60	0.50	—	—	—	—	"
KLM P	F.90	41	1.40	18	3.20	—	—	"
KLM P	F.100	10	5	—	—	—	—	"
NEDL C	F.120	10	4.50	—	—	10	8.50	F.117.50
NEDL P	F.120	7	6.20	—	—	—	—	"
NEDL P	F.130	7	12	—	—	—	—	"
NEDL P	F.140	5	22.50	—	—	—	—	"
PHIL C	F.20	13	4.20	—	—	—	—	F.24.20
PHIL C	F.22.50	20	2	12	2.60	10	2.90	"
PHIL C	F.25	42	0.60	32	1.20	11	1.60	"
PHIL P	F.22.50	—	—	65	0.50	40	0.70	"
PHIL P	F.25	—	—	13	1.70	—	—	"
RD C	F.80	112	1.70 B	30	3	5	4.20	F.76.20
RD C	F.90	29	0.30	37	1	4	1.80	"
RD P	F.70	115	0.80	6	2	—	—	"
RD P	F.80	75	5	42	5.80 A	32	7.30	"
UNIL C	F.150	5	12.10	—	—	—	—	F.160.70
UNIL C	F.160	68	5	14	8	—	—	"
UNIL C	F.170	29	1.10 B	—	—	—	—	"
UNIL P	F.160	60	2.70	—	—	—	—	"
		May		Aug.		Nov.		
BOEI P	$20	10	1½	—	—	—	—	$18⅞
BASF C	DM.140	20	1	12	2.50	—	—	DM136.90
VW C	DM.150	50	5	—	—	—	—	

COMPANY NEWS

Strong second half at Fisons

THE RECOVERY at Fisons, referred to in the interim report in September, continued throughout the second half and this resulted in pre-tax profits of £7.7m against losses of £1.5m for that period. The improvement came from the effects of the cost savings and more aggressive marketing starting to flow through into profits.

Figures for the whole of 1981 climbed from £3.8m to £9.3m. The final dividend is raised from 3.1p to 6p, but the net total is unchanged at 10p. Turnover of this manufacturer of fertilisers, agrochemicals, pharmaceuticals and scientific equipment, improved by 9 per cent to £494.4m (£453.7m).

Mr J. S. Kerridge, the chief executive, says the group's performance shows that the recovery is well under way, and together with the fertiliser division sale will give Fisons a strong strategic platform for future growth.

He says he is "quietly confident" about the current year, which he sees as one in which the group will be consolidating on the cost savings made over the past few years. The group has now come to the end of its phase of major restructuring and Mr Kerridge says there are no current plans for major extraordinary item write-offs, adding: "We are certainly round the corner now and will be growing in the future."

Trading profits for the year advanced from £16.4m to £22.6m, with the pharmaceutical division improving from £12.2m to £15m. The fertiliser division came back to profit with £800,000 (£1.1m losses) and scientific equipment's contribution was higher at £3.1m (£2m). Horticulture doubled from £1m to £2.1m, but agrochemicals fell from £2.3m to £1.6m.

Figures for the agrochemical division include a first full year of FBC—the merged agrochemical interests of Boots and Fisons—and Fisons' share of the Rallis agrochemical activities in India.

The UK agrochemical market, where FBC has its largest business and major proportion of its overhead, was an extremely difficult and highly competitive one. Export sales and the performance of most of the overseas subsidiaries in this division showed strong growth in sales and profits, with a substantial contribution derived from the com-

The major restructuring of the fertiliser division was substantially complete by the half-year, and the benefits of the improved cost structure began to be felt during the second half (in a full year the recurrent cost savings will amount to around £9m).

The horticultural division made strong progress in the UK amateur garden market. This, together with tight management of resources, which yielded valuable cost savings, enabled profits to be significantly increased, as stated earlier.

Record sales and profits in the pharmaceutical division resulted from the programme of more aggressive marketing across the range of products throughout the world, thus demonstrating the potential for further growth identified in the interim report.

The scientific-equipment division confirmed the belief that it had the ability to recover despite the continuing cutbacks in UK public expenditure. Gains continued in overseas markets, with the export order book entering 1982 at a record level. "Positive growth" is expected in this division in the current year.

The group pre-tax profits were struck after interest charges up from £12.6m to £13.3m. Tax was little changed at £5.1m (£5m), and there were minority debits of £300,000 (£200,000). Exchange difference on balance sheet items resulted in a credit of £2.5m (£3.5m debit).

Extraordinary debits rose from £11.9m to £18.7m and this arose from closures and redundancies in the scientific equipment division. This led to the elimination of all loss-making activities and reduced numbers employed by 25 per cent at a cost of £4m. In addition, as indicated last year, a full review of the fish farming activity has been made and the decision was taken to close it in order to concentrate resources on established areas of expansion. This cost £2.3m.

Since the end of the year, the preliminary agreement with Norsk Hydro for the sale of the fertiliser division has been announced. Completion of this arrangement will strengthen the company's financial position and provide resources for the growth business, such as horticulture, pharmaceuticals and scientific equipment.

It is expected that the consideration will be approximately £50m, comprising some £40m in cash, together with the assumption of lease obligations. Consequently, a provision of £12.1m has been made, as an extraordinary item in 1981, for the net write-down of assets to estimated realisable value.

At the year-end, there was an attributable loss of £12.3m (£16.8m) and stated earnings per £1 share before extraordinary debits were 10.3p (nil). On a CCA basis, there was a pre-tax loss of £3.7m (£10.4m).

See Lex

Raine back in the black

For the six months to December 31 1981 Raine Industries, the residential estate developer, engineer and insurance broker, moved back into the black returning pre-tax profits of £85,000, compared with a deficit of £256,000 for the corresponding period a year earlier.

The directors say there was a significant improvement in trading profits reflecting the decision taken to close some of the loss-making activities in the engineering sector. The remaining engineering activities and the building companies produced improved results.

They add that the house building companies continued to progress throughout a difficult trading period despite higher mortgage rates and in spite of the serious weather conditions in December.

As house sales are traditionally higher in the second six months improved results are anticipated for the year. The directors point out that various incentives for first time buyers and other buyers are leading to increased sales and add that sales and leases of some of the factories vacated by the engineering subsidiaries which are no longer trading have been achieved.

While it is difficult at this early stage to forecast trading results for the 12 months the results so far achieved give ground for "modest optimism."

Commenting on the first half the directors say it is encouraging that the improved results were achieved against a background of continued economic recession and high interest rates.

First half pre-tax figures were struck after lower interest charges of £205,000 (£291,000), as a result of a substantial reduction in the bank overdraft from £3.57m to £2.46m.

Tax took £2,000 (£275,000 credit) leaving the net balance at £83,000 (£19,000).

Stated earnings per share moved up to 0.459p (0.105p) and the net interim dividend is stepped up from 0.03p to 0.1p per 10p share—last year's final was omitted.

Half year turnover rose from £5.39m to £5.7m. CCA adjustments revert the pre-tax profit to a loss of £117,000.

Arnott expands to £4m

SEVERE pruning of expenses and improved stock controls helped increase the taxable profits of Arnott and Co, Dublin, from I£3.42m to I£4m in 1981. Turnover was up from I£44.77m to I£46.92m.

A final dividend of 5.5p (4.5p) per £1 share is proposed making a total of 10p (8.5p) for the year. Stated earnings per share were 25.73p (21.74p).

The directors of this retail and wholesale drapers holding company say the prospects for 1982 are uncertain.

After interest £387,000 (£468,000), tax £1.79m (£1.5m) net profit was £2.21m (£1.92m). Minority interests fell from £65,000 to £21,000.

Midland Bank statistics

Statistics compiled by the Midland Bank show that the total of "new money" raised in the UK by the issue of marketable securities in February was £148.5m, slightly more than the £127.4m achieved in January but less than the £182.8m recorded in the same month last year.

Almost 70 per cent of the £143.2m raised by seven company issues during the month was accounted for by the placing of £100m 16 per cent unsecured capital loan stock 2002/7 by Barclays Bank.

Other issues of note were the £26.4m share rights issue by Davy Corporation, the offer for sale by Amersham International, which raised £7.3m of "new money" for the company, and a further £5.0m bond placing by the Nationwide Building Society.

Economic adviser for Unilever

Professor David Stout, Tyler Professor of Economics at Leicester University and a former economic director of the National Economic Development Office, has been appointed as head of economics department of UNILEVER. His particular responsibilities will include advising the company on international government-industry relations and the longer term strategic implications of economic and technical change. Professor Stout has held numerous advisory and consultant posts including senior economic adviser to the Monopolies Commission (1969); adviser to the Australian Government on Prices Justification (1973), and Wage Indexation (1975-76); and a member of an EEC expert group on industrial policy in the community (1979-81). He has been a member of the management committee of the National Institute of Economic and Social Research since 1974.

★

Mr W. E. Bell is to joint the board of COSTAIN GROUP as a non-executive director from July 1. He is a director and the Middle East regional co-ordinator of Shell International Petroleum Company.

★

Mr Leslie Ashley has been appointed newsprint sales director of REED PAPER AND BOARD (UK). He succeeds Mr Jack Cuffe-Adams who is retiring.

★

Mr R. D. Fenhalls and Mr R. A. Morton have been appointed director of GUINNESS MAHON HOLDINGS and Mr Morton, who is chief executive of the Guinness Peat Group, has been appointed a director of Guinness Mahon and Co. Mr Fenhalls is the chief executive of the Guinness Mahon Group. Lord Kissin has resigned as a director of Guinness Mahon Holdings, but remains on the boards of Guinness Mahon and Co., London, and Guinness Mahon (SEA), Singapore.

★

STANLEY ROSTRON has appointed Mr Terence Fell to the board of Stanley Rostron (Insurance Brokers). He was a director of Brentnall Beard and Co., prior to the take over of that company by Hogg Robinson (UK).

★

Mr Philip Perry has been appointed group secretary of BARCLAYS BANK, in succession to the late Mr Douglas Johnson.

★

Mr W. R. Smith, formerly London manager of Clydesdale Bank, has been appointed a non-executive director of WINGATE INVESTMENTS.

★

Mr G. W. Bryan Jennings, financial director of the Electrical Contractors' Association, has been appointed to the board of MONTAGU BOSTON INVESTMENT TRUST, a company managed by Drayton-Montagu Portfolio Management.

★

The Lord Chancellor has appointed Mr Leslie Gould a full-time chairman of INDUSTRIAL TRIBUNALS in the Manchester region from March 1.

★

Mr Derek R. Thornton has been appointed production director of JOHN GLADSTONE AND CO, cloth finishers of Huddersfield and Galashiels. He was latterly managing director of Sekers Fabrics of Whitehaven.

CONTRACTS

Half million bottles/week

The Silver Spring Mineral Water Company, Folkestone-based contract bottler, canner and supplier of own brand carbonated drinks, has placed an order worth over £750,000 with Engelmann and Buckham Machinery for the supply and installation of a Sidel bi-axially oriented two-litre PET bottle production line. Based on the SB010 rotary stretch blow-moulding wheel and due for delivery during April, the Sidel line is claimed to be the fastest and most up-to-date two-litre plant of its type in the UK and capable of making over 0.5m bottles every week.

★

London Transport has placed orders valued at some £330,000 with GEC COMPUTERS for GEC 4000 Series computers. The new computers, scheduled to be operational by the autumn of 1982, will provide improved passenger information facilities on the Northern and Victoria lines and will form part of the new Jubilee line signalling system.

Dollar improves

The dollar was mostly firmer from Friday's levels in currency markets yesterday but finished some way below its best. Indications that U.S. money market liquidity will be high this week coupled with some largish dollar sales around lunchtime ensured that the U.S. unit fell back from earlier levels. Initial impetus was provided by Friday's rise in U.S. money supply and higher Euro-dollar rates.

Sterling was fairly steady, making up a little ground against European currencies and ending the day unchanged against the dollar. Later trading in New York saw the rate fall below $1.82 however.

The Danish krone remained the strongest member of the European Monetary System but was sharply weaker ahead of possible central bank action to reduce capital outflows. The Dutch guilder moved into second place ahead of the Belgian franc while the D-mark remained the weakest member.

DOLLAR—Trade weighted index (Bank of England) 113.5 against 113.3 on Friday and 111.4 six months ago. Three-month Treasury bills 12.16 per cent (15.64 per cent six months ago). Annual inflation 8.4 per cent (8.9 per cent previous month)—The dollar closed at DM 2.3860 against the D-mark, up from DM 2.3830 on Friday but well down from a high of DM 2.4015. Similarly against the Swiss franc it touched SwFr 1.9075 before closing at SwFr 1.8940 compared with SwFr 1.8930. It was also firmer against the yen at Y238.10 from Y236.60.

STERLING—Trade weighted index 91.1 compared with 91.2 at noon, 90.9 in the morning and 91.1 at Friday's close (91.0 six months ago). Three month interbank 14¼ per cent (14$\frac{1}{32}$ six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8065 against the dollar and rose steadily to a best level of $1.8250 during the afternoon. It closed at $1.8210-1.8220, unchanged from Friday. It was firmer against the D-mark however at DM 4.3475 compared with DM 4.3450 and SwFr 3.4525 from SwFr 3.4500. Against the French franc it rose to FFr 11.0825 from FFr 11.0750.

D-MARK — EMS member (weakest). Trade weighted index 121.7 against 121.6 on Friday and 132.8 six months ago. Three-month interbank 10.25 per cent (12.85 per cent six months ago). Annual inflation 6.3 per cent (unchanged from previous month)—The D-mark lost ground against sterling and the Swiss franc at yesterday's fixing in Frankfurt and was hardly changed against the dollar. It showed some improvement against its EMS partners, however. The dollar was fixed at DM 2.3857 against DM 2.3860 on Friday with the Bundesbank selling a token $8.7m at the fixing. Sterling rose to DM 4.3350 from DM 4.310 and the Swiss franc was stronger at DM 1.2639 compared with DM 1.2602.

ITALIAN LIRA—EMS member (third weakest). Trade weighted index unchanged at 54.9 and 57.0 six months ago. Three-month interbank 21 per cent (35 per cent six months ago). Annual inflation 17.3 per cent (17.9 per cent previous month)—The Italian lira was mostly firmer at yesterday's fixing in Milan.

SWISS FRANC — Trade weighted index 154.0 against 153.4 on Friday and 132.8 six months ago. Three month interbank 7$\frac{11}{16}$ per cent (9¼ per cent six months ago). Annual inflation 6.1 per cent (6.6 per cent previous month). The Swiss franc recovered a little against the dollar as the latter eased back from opening levels.

THE POUND SPOT AND FORWARD

March 1	Day's spread	Close	One month	p.a.	Three months	p.a.
U.S.	1.8065-1.8250	1.8210-1.8220	0.08-0.[illegible]c dis	[illegible]	0.45-0.55dis	−1.10
Canada	2.2280-2.2420	2.2355-2.2365	0.30-0.40c dis	−1.88	1.30-1.45dis	−2.45
Nethlnd.	4.75-4.78	4.76[illegible]-4.77[illegible]	2[illegible]-1[illegible]c pm	[illegible]	[illegible] pm	4.19
Belgium	79.40-80.00	79.70-79.80	5c pm-10 dis	[illegible]	5-20 dis	−0.63
Denmark	14.55-14.60	14.57[illegible]-14.58[illegible]	[illegible]ore pm-[illegible] dis	−0.[illegible]	4[illegible]-5[illegible] dis	−1.34
Ireland	1.2230-1.2330	1.2315-1.2325	0.47-0.59p dis	−5.16	1.28-1.46dis	−4.45
W. Ger.	4.33-4.36	4.34[illegible]-4.35[illegible]	1[illegible]-1[illegible]pf pm	4.14	4[illegible]-4 pm	3.51
Portugal	127.50-130.00	129.55-129.85	50-160c dis	−9.71	145-386 dis	−8.77
Spain	187.70-189.00	188.35-188.65	10-35c dis	−1.42	100-124 dis	−2.39
Italy	2330-2341	2334-2336	12-16lire dis	−6.84	39[illegible]-42[illegible] dis	−7.02
Norway	10.90-10.98	10.91[illegible]-10.92[illegible]	1[illegible]-[illegible]ore pm	1.24	[illegible]-1[illegible] dis	−0.23
France	11.05-11.11	11.07[illegible]-11.08[illegible]	[illegible]-1[illegible]c dis	−0.95	5[illegible]-6[illegible] dis	−2.12
Sweden	10.52-10.60	10.55[illegible]-10.56[illegible]	1[illegible]-[illegible]ore pm	−0.98	2[illegible]-2 pm	0.90
Japan	430-435	433-434	3.15-2.85y pm	8.30	7.85-7.55 pm	7.10
Austria	30.40-30.60	30.42-30.47	17[illegible]-14gro pm	8.21	27[illegible]-30[illegible] pm	4.47
Switz.	3.43-3.47	3.44[illegible]-3.45[illegible]	2[illegible]-1[illegible]c pm	7.39	5[illegible]-5[illegible] pm	6.23

Six-month forward dollar 1.05-1.15c dis. 12-month 1.85-2.05c dis.
Belgian rate is for convertible francs. Financial franc 85.80-85.90

THE DOLLAR SPOT AND FORWARD

March 1	Day's spread	Close	One month	p.a.	Three months	p.a.
UK†	1.8065-1.8250	1.8210-1.8220	0.05-0.15c dis	−0.66	0.45-0.55dis	−1.10
Ireland†	1.4700-1.4820	1.4775-1.4795	0.61-0.51c pm	4.53	1.29-1.14 pm	3.28
Canada	1.2270-1.2320	1.2280-1.2285	0.12-0.15c dis	−1.32	0.34-0.39dis	−1.19
Nethlnd.	2.6150-2.6300	2.6155-2.6185	1.30-1.20c pm	5.72	3.62-3.52 pm	5.45
Belgium	43.73-43.95	43.77-43.79	4c pm-par	0.55	7-2 pm	0.41
Denmark	7.9930-8.0175	8.0000-8.0050	[illegible]ore pm	0.56	[illegible] pm-par	0.12
W. Ger.	2.3790-2.4015	2.3855-2.3865	1.02-0.97pf pm	5.00	2.99-2.94 pm	4.97
Portugal	71.10-71.40	71.15-71.35	25-80c dis	−8.84	55-190 dis	−6.88
Spain	103.35-103.75	103.35-103.40	par-10c dis	−0.58	22-36 dis	−1.10
Italy	[illegible]1280-1286	1281½-1282½	6[illegible]-7lire dis	−6.21	18[illegible]-19[illegible] dis	−5.86
Norway	5.9900-6.0520	5.9925-5.9975	1.00-0.70ore pm	1.70	1.95-1.65 pm	1.20
France	6.0750-6.1150	6.0815-6.0865	0.05-0.20c dis	−0.25	1.40-1.70dis	−1.02
Sweden	5.7875-5.8250	5.7950-5.8000	1.00-0.80ore pm	1.85	3.50-3.30 pm	2.34
Japan	[illegible]	238.05-238.15	1.80-1.65y pm	8.69	4.90-4.75 pm	8.10
Austria	[illegible]-16.80	16.72[illegible]-16.73[illegible]	10[illegible]-9gro pm	6.91	26-23 pm	5.86
Switz.	[illegible]-1.9075	1.8935-1.8945	1.38-1.22c pm	7.98	3.38-3.30 pm	7.06

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

March 1	Bank of England Index	Morgan Guaranty Changes%
Sterling	[illegible]	−32.5
U.S. dollar	[illegible]	+6.4
Canadian dollar	[illegible]	−18.4
Austrian schilling	[illegible]	−24.7
Belgian franc	[illegible]	−0.3
Danish kroner	[illegible]	−13.4
Deutsche mark	[illegible]	+44.5
Swiss franc	[illegible]	+106.4
Guilder	[illegible]	+21.1
French franc	[illegible]	−14.4
Lira	[illegible]	−57.7
Yen	[illegible]	+31.8

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.620637	0.559404
U.S. $	12	1.12689	1.01700
Canadian $	14.83	1.38562	1.24916
Austria Sch.	6¾	18.8337	17.0049
Belgian F.	14	49.3324	44.4936
Danish Kr.	11	8.99033	8.10851
D mark	7½	2.68876	2.42523
Guilder	8½	2.94963	2.66148
French Fr.	9½	6.85093	6.18150
Lira	19	Unavail	1302.77
Yen	6½	267.073	240.743
Norwgn. Kr.	9	6.77374	6.10960
Spanish Pts.	8	116.411	105.157
Swedish Kr.	11	6.52682	5.88810
Swiss Fr.	6	2.13286	1.92517
Greek Dr'ch.	20½	—	62.6775

OTHER CURRENCIES

Mar. 1	£	$		Note Rates
Argentina Peso	18,235-18,255†	10,000-10,050†	Austria	30.30-30.60
Australia Dollar	1.7010-1.7030	0.9340-0.9345	Belgium	85¾-87¾
Brazil Cruzeiro	255.75-256.75	140.45-141.15	Denmark	14.51-14.65
Finland Markka	8.281-8.293	4.5530-4.5550	France	11.05-11.15
Greek Drachma	112.822-113.806	61.50-61.70	Germany	4.33-4.37
Hong Kong Dollar	10.71½-10.73	5.8880-5.8930	Italy	2310-2360
Iran Rial	148.25*	81.50*	Japan	432-437
Kuwait Dinar (KD)	0.514-0.520	0.2852-0.2854	Netherlands	4.75¼-4.79¼
Luxembourg Fr.	79.70-79.80	43.77-43.79	Norway	10.91-11.01
Malaysia Dollar	4.2275-4.2275	2.3175-2.3200	Portugal	124½-132
New Zealand Dlr.	2.3215-2.3255	1.2745-1.2755	Spain	185½-193
Saudi Arab. Riyal	6.16-6.22	3.4185-3.4215	Sweden	10.52-10.62
Singapore Dollar	3.8475-3.8575	2.1145-2.1165	Switzerland	3.42¾-3.46
Sth. African Rand	1.7930-1.7950	0.9845-0.9855	United States	1.81-1.83
U.A.E. Dirham	6.62-6.68	3.6715-3.6735	Yugoslavia	93-100

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 1	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.5367	−0.36	−0.36	±1.5440
Danish Krone	8.18382	8.13990	−0.54	−0.54	±1.6428
German D-Mark	2.41815	2.42571	+0.31	+0.31	±1.1097
French Franc	6.19564	6.18218	−0.22	−0.22	±1.3743
Dutch Guilder	2.67296	2.66265	−0.39	−0.39	±1.5069
Irish Punt	0.686799	0.687501	+0.10	+0.10	±1.6689
Italian Lira	1305.13	1301.58	−0.27	−0.27	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for March 1 ...... 0.558500

EXCHANGE CROSS RATES

Mar. 1	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.822	4.348	433.5	11.083	3.453	4.776	2335.	2.236	79.75
U.S. Dollar	0.549	1.	2.387	238.0	6.084	1.895	2.619	1282.	1.228	43.78
Deutschemark	0.230	0.419	1.	99.71	2.549	0.794	1.097	537.1	0.514	18.34
Japanese Yen 1,000	2.307	4.202	10.03	1000.	25.57	7.964	11.00	5386.	5.158	184.0
French Franc 10	0.902	1.644	3.923	391.2	10.	3.115	4.304	2107.	2.018	71.96
Swiss Franc	0.290	0.528	1.259	125.6	3.210	1.	1.382	676.3	0.648	23.10
Dutch Guilder	0.210	0.382	0.911	90.88	2.323	0.724	1.	489.5	0.469	16.72
Italian Lira 1,000	0.428	0.780	1.862	185.7	4.746	1.479	2.043	1000.	0.958	34.15
Canadian Dollar	0.447	0.815	1.944	193.9	4.956	1.544	2.135	1044.	1.	35.67
Belgian Franc 100	1.254	2.284	5.451	543.6	15.90	4.329	5.981	2928.	2.804	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 1)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 1/16	offer 15 3/16	bid 15 1/8	offer 15 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14[illegible]-14½	13⅞-14⅛	13½-14½	9⅜-9⅞	5¼-5¾	9[illegible]-10[illegible]	13¾-14¼	17½-19½	13½-14½	6½-6[illegible]
7 days' notice	14⅜-14½	14⅛-14⅜	13⅛-14¼	9¼-9½	5-5¼	9[illegible]-10[illegible]	14-14½	20-22	13-15	6½-6[illegible]
Month	14[illegible]-14[illegible]	14½-14¾	15⅛-15⅞	9[illegible]-9[illegible]	6⅞-7	9[illegible]-10[illegible]	14⅝-14⅞	20⅝-21⅝	13¼-14¾	6½-6[illegible]
Three months	13[illegible]-14[illegible]	14¾-15	16-16⅜	9[illegible]-9[illegible]	7[illegible]-7[illegible]	9[illegible]-10[illegible]	15½-16	21-21½	14-15	[illegible]
Six months	13[illegible]-14[illegible]	14⅞-15⅛	16-16⅜	9[illegible]-9[illegible]	8-8⅛	9[illegible]-10[illegible]	16⅜-16⅞	21⅝-22	14-15	[illegible]
One Year	13[illegible]-14[illegible]	14⅞-15⅛	16⅛-16½	9⅝-9¾	7¾-7⅞	9[illegible]-10	16¾-17¼	22-22¾	14¼-15¼	[illegible]

SDR linked deposits: one month 12⅝-13 per cent; three months 12$\frac{15}{16}$-13$\frac{5}{16}$ per cent; six months 13⅛-13½ per cent; one year 13$\frac{5}{16}$-13$\frac{11}{16}$ per cent.
ECU linked deposits: one month 12¾-13⅛ per cent; three months 13$\frac{5}{16}$-13$\frac{11}{16}$ per cent; six months 13⅜-13¾ per cent; one year 13$\frac{11}{16}$-13$\frac{13}{16}$ per cent.
Asian $ (closing rates in Singapore): one month 14⅞-14⅞ per cent; three months 15⅛-15⅜ per cent; six months 15$\frac{3}{16}$-15$\frac{5}{16}$ per cent; one year 15⅛-15¼ per cent.
Long-term Eurodollar two years 15½-15¾ per cent; three years 15½-15¾ per cent; four years 15½-15¾ per cent; five years 15½-15¾ per cent nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.35-14.45 per cent; three months 14.45-14.55 per cent; six months 14.[illegible]-14.75 per cent; one year 14.65-14.75 per cent.

MONEY MARKETS

UK rates ease

London clearing bank base lending rate 13½ per cent (since February 25)

Longer term rates were easier in London yesterday helped by a reduction in the Bank of England's dealing rates. The rate on bills bought in band 4 (64-91 days) eased to 13⅜-13$\frac{13}{32}$ per cent compared with 13½ per cent when the authorities last dealt in band 4 on February 22. Longer term interbank rates fell by $\frac{1}{16}$ of a point while six month eligible bank bills were quoted around 12⅞ per cent, down from 13 per cent. Short term rates were little changed, reflecting the current shortage of funds in the market.

Overnight money opened at 14½-14¾ per cent and rose ahead of the forecast to 14¾-15 per cent before coming back to trade at 14½-14¾ per cent for most of the morning. Rates eased to 14-14¼ per cent but rose when it seemed that the authorities had given much less help than the shortage forecast to 15 per cent. However, money was available later in the day down to 4 per cent.

Day-to-day funds were in short supply yesterday but some payments of Petroleum Revenue Tax were delayed, leaving substantial amounts to be paid today. Consequently yesterday's shortage was at the lower end of market expectations. The Bank of England gave an early figure of −£700m with factors affecting the market including bills maturing in official hands −£503m, Exchequer transactions −£375m and a fall in the note circulation of £220m. The shortage was later revised to £800m and the Bank gave assistance in the morning of £494m by making purchases of £7m of eligible bank bills in band 1 (up to 14 days) at 13⅝ per cent and in band 2 (15-33 days) £7m of local authority bills and £209m of eligible bank bills all at 13½ per cent.

In band 3 (34-63 days) it bought £124m of eligible bank bills at 13$\frac{7}{16}$-13½ per cent and in band 4 (64-91 days) £6m of Treasury bills and £8m of local authority bills at 13⅜ per cent and £133m of eligible bank bills at 13⅜-13$\frac{13}{32}$ per cent. Further assistance was given in the afternoon of £164m, making a grand total of £658m. The afternoon help comprised purchases of £17m of eligible bank bills in band 1 at 13½ per cent and in band 2 £20m of Treasury bills, £2m of local authority bills and £105m of eligible bank bills all at 13½ per cent. In band 3 it bought £[illegible] of eligible bank bills at 13$\frac{7}{16}$ per cent and in band 4 £7m at [illegible] per cent.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	14-14¼
Treasury bills (13-week)	12.16
Treasury bills (26-week)	12.67

GERMANY

Special Lombard	10.00
Overnight rate	10.10
One month	10.275
Three months	10.25
Six months	10.225

FRANCE

Intervention rate	14.0
Overnight rate	14.0
One month	14.0625
Three months	14.0625
Six months	14.1875

JAPAN

Discount rate	5.50

LONDON MONEY RATES

Mar. 1 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	4-15	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	—	14⅛-14⅜	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	14⅛-14	14⅛-14[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	14$\frac{1}{16}$-13⅞	14$\frac{1}{16}$-14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	13[illegible]-13[illegible]	13[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	13⅞-13¾	14-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	13[illegible]-13[illegible]	13[illegible]-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	13[illegible]-13[illegible]	13[illegible]-14⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rates for [illegible] per cent.

Approximate selling rates for one month Treasury bills 13$\frac{1}{32}$ per cent; two months [illegible] per cent; three months [illegible] per cent. Approximate selling rate for one month bank bills [illegible] per cent; two months [illegible] per cent and three months 13$\frac{15}{32}$-13$\frac{7}{16}$ per cent; [illegible] 13$\frac{11}{32}$ per cent.

Finance Houses Base Rates [illegible] from March 1 [illegible]

GOLD

Weaker trend

Gold closed $3¼ an ounce down from Friday's close in the London bullion market yesterday at $359¼-360¼. However this was better than its opening level of $356¼-357¼ and reflected a little short covering in generally light trading.

In Paris the 12½ kilo bar was fixed at FFr 70,050 per kilo ($358.05 per ounce) in the afternoon compared with FFr 70.[illegible] ($357.94) in the morning and FFr 70,400 ($360.17) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 27,700 per kilo ($360 per ounce) against DM 27,950 ($364.99) previously and closed at $361-362 from $[illegible]-363.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $357.25.

In Zurich gold finished $360-363 from $361-364.

	Mar. 1		Feb. 26	
Gold Bullion (fine ounce)				
Close	$359¼-360¼	(£197¼-197¾)	$362½-363½	(£199-199[illegible])
Opening	$356¼-357¼	(£197-197½)	$363¾-364¾	(£199¼-1[illegible])
Morning fixing	$358.75	(£197.300)	$363.25	(£199.75[illegible])
Afternoon fixing	$361.25	(£198.108)	$362.50	(£198.79[illegible])
Gold Coins				
Krugerrand	$370¼-371¼	(£203¼-203¾)	$373½-374½	(£205-205[illegible])
1/2 Krugerrand	$190¾-191¾	(£104¼-105¼)	$194-195	(£106½-1[illegible])
1/4 Krugerrand	$97-98	(£53¼-53¾)	$98-99	(£53¾-54)
1/10 Krugerrand	$39½-40½	(£21¾-22¼)	$39-40	(£21½-22)
Mapleleaf	$371½-372½	(£204-205½)	$374½-375½	(£205½-2[illegible])
New Sovereigns	$88-88½	(£48¼-48½)	$88½-89	(£48½-49)
King Sovereigns	$103-104	(£56½-57)	$103-104	(£56½-57)
Victoria Sovs	$103-104	(£56½-57)	$103-104	(£56½-57)
French 20s	$88-98	(£48¼-53¾)	$89-99	(£48¾-54)
50 pesos Mexico	$446½-448½	(£245-246¼)	$450-452	(£247-248)
100 Cor. Austria	$350-352½	(£192-193½)	$353-355	(£193¾-19[illegible])
$20 Eagles	$495-498	(£270¾-273½)	$496-501	(£272¼-27[illegible])

FT UNIT TRUST INFORMATION SERVICE

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

Draft agreement initialled for Jabiluka uranium

BY GEORGE MILLING-STANLEY

ANOTHER OBSTACLE in the way of the development of the huge Jabiluka uranium deposit in Australia's Northern Territory has been cleared with yesterday's announcement that a draft agreement between the companies concerned and Aboriginal interests has been initialled.

The parties to the agreement are representatives of the traditional Aboriginal owners of the land where the deposit lies, and Australia's Pancontinental Mining and Getty Oil of the U.S.

Pancontinental, which has been trying to obtain permission to develop the deposit for 10 years, has 65 per cent of the joint venture set up to exploit Jabiluka, with the remaining 35 per cent in the hands of Getty Oil.

Mr Eric Pratt, a lawyer representing the Aboriginal interests, said both sides had agreed not to announce the terms of the proposed deal yet, but it is expected to result in payments of several million dollars, plus royalties, to the traditional owners.

The agreement has still to be approved by the Federal Government and put to local Aborigines for further comment.

Mr Pratt added that because of the careful way in which it has been drawn up, he expects the deal to receive early official approval, thus opening the way for mine construction work to start by the end of the wet season in May.

Mr Tony Grey, Pancontinental's chairman, said this was "a bit premature," as his company is not allowed to conclude sales contracts before receiving final approval to develop the deposit.

Pancontinental will not begin construction before sufficient sales contracts have been arranged to make the project viable, he said, but he was confident this would pose no problem.

Jabiluka, 150 miles east of Darwin in the Kakadu National Park, is one of the world's richest uranium deposits, with estimated reserves of 200,000 tonnes of uranium oxide, reports Patricia Newby from Perth.

Pancontinental has estimated that the mine will have a life of around 25 years, and will produce uranium worth some A$18bn (£10.5bn).

The Jabiluka agreement is likely to be followed by a similar deal with Canada's Denison Mines, which owns the much smaller Koongarra uranium deposit, also in the Kakadu National Park.

This deposit has estimated reserves of 11,300 tonnes, but Australia's foreign investment guidelines will have to be satisfied by the formation of an operating company with 75 per cent Australian ownership before mining can go ahead.

Ashton diamond claims dispute

THE THREAT posed last year to the Ashton diamond joint venture in Western Australia by the small exploration company Afro-West Mining and Exploration has not entirely disappeared, in spite of legislation guaranteeing security of tenure to the joint venture partners.

Afro-West caused a stir in September last year when it challenged in court the joint venture's mining title to some of the richest parts of the Ashton site. Ashton is destined to become the biggest volume producer of diamonds in the world when it reaches full production in 1985.

The partners, led by the Rio Tinto-Zinc group's local arm CRA and including Australia's Ashton Mining and Northern Mining, resisted the claim vigorously.

In November, the Western Australian Parliament passed legislation formally setting up the joint venture and guaranteeing the venture's right to the disputed claims.

Mr Malcolm Macleod, Afro-West's chairman, has now said his directors consider that this "repressive" legislation should be challenged and that the company has the right to have the Supreme Court decide on the points of law outlined in the original action.

The nub of the dispute lay in a discrepancy between the provisions of the Mining Act 1904 and the procedures adopted by the Department of Mines concerning the date on which new mining rights come into force, either on the date of issue or on the expiry of old mining rights.

The Act was amended last year, but Afro-West is expected to argue that this change cannot be made retroactive.

Believing that CRA had transgressed against the terms of the old Act when it pegged the Ashton claims in 1979, Afro-West overpegged several claims, including the central area of the rich AK1 kimberlite pipe and part of the Upper Smoke Creek alluvials.

Afro-West claims that CRA has no legal title to the areas involved, and said it will pursue the matter through the Western Australian Supreme Court and, if necessary, the High Court of Australia.

Setback for copper producers

HIGH OPERATING costs and low metal prices combined to cut 1981 profits of two of the leading producers of copper, gold and silver in the Philippines, reports Leo Gonzaga in Manila.

One of the companies, Lepanto Consolidated Mining, has passed its final dividend. The company reported net profits of pesos 40.9m (£2.7m), against pesos 112.5m in 1980.

The negative factors were more than enough to offset the effects of higher volume sales. Lepanto's export sales of all three metals were roughly doubled in volume, but all the prices were sharply lower.

The company received US$440.82 per ounce for gold, against $686.31, $9.50 per ounce for silver, down from $20.93, and 77 cents per pound for copper against 94.5 cents. It sees no prospect of an improvement in prices this year.

Marcopper Mining fared even worse, with its first net loss since the start of operation in 1969. The loss was pesos 21.2m, and compare with profits in 1980 of pesos 98.7m.

Island Mining and Industrial Corporation, one of the country's smaller copper producers, saw its net loss increase to pesos 1.3m in the year to end-October from pesos 740,000 in the preceeding 12 months.

Another copper producer, Black Mountain, has been forced to suspend mining operations at Kennon, in the Mountain Province of northern Luzon. Power supplies have been cut, with the suppliers claiming that the company has arrears of pesos 8m.

Baguio Gold Mining has closed its Santo Nino copper mine in the same province after a series of annual losses. Western Minolco has shut down its Boneng copper operation for the same reason.

The country's biggest copper producer, Atlas Consolidated Mining and Development, is reported to be threatened by an inter-union dispute in Oledo, Cebu Island, in the central Philippines.

Brinco below expectation

CANADA'S Brinco has turned in lower than expected profits for 1981 as deteriorating economic conditions in Canada and elsewhere during the second half of the year cut asbestos demand sharply. The company controls Cassiar Resources, which mines asbestos in British Columbia.

An extraordinary credit of C$1.1m allowed the company to report net earnings of C$1.09m (£485,000), up from C$899,000 in 1980, but after the payment of preferred dividends, there was a loss of 20 cents a share, compared with a profit of 1 cent last time.

Brinco spent a total of C$59m during the year on the Cassiar asbestos operations, acquired in November 1980, the Loftis coal mine, the re-opened San Antonio gold mine in Manitoba and oil and gas exploration.

The company said that high interest charges on funds borrowed to finance its expansion plans added significantly to operating costs, and the outlook for the first half of the current year remains poor as mineral prices are still depressed.

The Rio Tinto-Zinc group has a beneficial interest of some 24 per cent in Brinco.

Lower metal prices hit Rio Algom

NET PROFITS of Rio Algom, the Rio Tinto-Zinc group's Canadian arm, for 1981 fell by 15 per cent to C$65.83m (£29.3m) or C$4.36 a share, compared with C$77.49m or C$5.20 a share in 1980.

Rio Algom said the decline was mainly attributable to a substantial fall in copper and molybdenum prices, which gave rise to a significant drop in profits at the 68.1 per cent-owned Lornex Mining.

Algom's steel manufacturing and metals distribution activities experienced strong competition in north America, and earnings were lower.

These negative influences more than offset improved results from uranium operations, Algom said.

RTZ's beneficial interest in Rio Algom is 52.7 per cent.

Pengkalen ceases operation

AS FORECAST in December, the Malaysian tin-producer Pengkalen has put its dredge on a care and maintenance basis as all available mining land has been exhausted. A small amount of mining income will continue to come from tribute operations.

The directors said yesterday they were "vigorously pursuing" the search for alternative mining prospects, and are waiting for news of several specific possibilities in Malaysia.

NOTICE OF REDEMPTION

To the Holders of

CITY OF BERGEN

8% Debentures due 1987

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Debentures of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot through operation of the Sinking Fund for redemption on April 1, 1982, at the principal amount thereof together with accrued interest to the date fixed for redemption $139,000 principal amount of said Debentures, each in the denomination of U.S. $1,000 as follows:

Outstanding Debentures bearing serial numbers with the prefix letter "M" and ending in any of the following two digits:

12 55

Also Debentures bearing the following serial numbers with the prefix letter "M":

48 2448 2848 3448 4548 5848 7348 8348 10948 13048 13648 14048 14648 14948
848 2648 3148 3548 4748 5948 8748 10548 11048 13148 13748 14448 14848

On April 1, 1982, the Debentures designated above will become due and payable at the redemption price aforesaid in such coin or currency of the United States of America as at the time of payment is legal tender for the payment therein of public and private debts and will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **Corporate Trust Department of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, N.Y. 10015**, or (b) subject to applicable laws and regulations, at the main office of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London, Paris or Zurich or the main office of Bank Mees & Hope NV in Amsterdam, Credito Romagnolo S.p.A. in Milan or Kredietbank S.A. Luxembourgeoise in Luxembourg. Payments at the Offices referred to in (b) above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained with a bank in New York City.

Coupons due April 1, 1982 should be detached and collected in the usual manner.

From and after April 1, 1982, interest shall cease to accrue on the Debentures herein designated for redemption.

Following the aforesaid redemption, $5,001,000 principal amount of the Debentures will remain outstanding.

CITY OF BERGEN

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, *Fiscal Agent*

March 2, 1982

NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

M 353 814 2732 4436 4461 4916 11295

BARCLAYS BANK PLC.

The Directors of Barclays Bank PLC report the Group results for the year ended 31st December 1981

The Barclays Group pre-tax profit for 1981 amounted to £567 million compared with £523 million for 1980.

Profits for 1981 show an increase of 8% over the previous year although this is in fact less than the rate of inflation.

Within our domestic operations the profit contribution from UK branch banking is down for the second year in succession. Interest rates in the United Kingdom fell in the first half of the year although they rose again significantly in the autumn. Average base rate for the year was 13.2% compared with 16.3% in 1980, but the margin between base rate and 7-day deposit rate widened from 2.0% to 2.6%. Overheads were higher by more than 16% and this increase exceeded growth in interest and commission income.

Profits from Barclaycard, Mercantile Credit, Barclays Merchant Bank and Barclays Trust Company all increased with a particularly noticeable advance by Mercantile Credit, reflecting their success in the leasing field.

Our international operations have contributed the larger part of the increase in profits. All these operations showed improved results, in particular North America. The improvements in earnings reflect the substantial capital investment we have made in order to expand our worldwide operations over the last few years.

Our leasing business, where generally the tax allowances on new investments are passed to our industrial customers to their benefit, has resulted in a decreased taxation charge.

In balance sheet terms the Group has grown by just over 30% in 1981, partly due to the movement of sterling against the dollar during the year, but also reflecting substantial increases especially in our overseas and Eurocurrency business. In order to support this growth and to maintain the necessary strength for future expansion the Group has raised US$100 million through the issue of Capital Notes in the United States. We have also recently placed £100 million Unsecured Loan Stock on the London market which, however, is not reflected in the 1981 balance sheet position.

While bad debt charges in the clearing bank were lower than last year, due mainly to the release of provisions made in earlier years, there has been an increase in provisions in our international operations reflecting the widespread effects of the world recession. A significant part of the charge was in respect of general provision relating to the substantial rise in our lendings.

As Stockholders will know, we have been penalised by the Government in the form of a special levy imposed through the 1981 Finance Act and this has had a significant effect on our retentions which are necessary to sustain growth and stability.

In addition to an increased dividend the Directors propose a one for five scrip issue to Ordinary Stockholders. Appropriate resolutions will be considered at the Annual General Meeting. We hope, subject to any unforeseen circumstances, to recommend the same rate of dividend for the year 1982 on the increased capital.

Timothy Bevan

Timothy Bevan, Chairman of Barclays Bank PLC

A COMPARISON OF 5 YEARS' RESULTS

	1981 £m	1980 £m	1979 £m	1978 £m	1977 £m
Profit before taxation	566.6	523.5	529.4	373.3	294.6
Profit after taxation	461.4	371.4	367.4	237.8	154.9
Special levy	94.1	—	—	—	—
Profit retained	274.7	296.1	305.4	198.8	120.6

DIVIDEND

The Directors recommend a final dividend for 1981 of 11.5p per £1 Ordinary stock (1980: 9.25p) payable on 13 May 1982 in respect of stock registered in the books of the company at the close of business on 29 March. On this basis the total distribution for the year will be 22.0p (an increase of 18.9% over 1980: 18.5p). The total distribution on the Ordinary stock for the year of 22.0p per £1 stock is equivalent to 31.43% gross on that stock (1980: 26.43%).

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1981

(Historic cost basis)

	1981 £m	1980 £m
Operating profit	557.8	498.7
Share of profit of associated companies	58.5	50.1
Total Group profit	616.3	548.8
Interest on loan capital	49.7	25.3
Profit before taxation and extraordinary items	566.6	523.5
Taxation	105.2	152.1
Profit after taxation	461.4	371.4
Profit attributable to minority interests in subsidiary companies	30.2	23.6
	431.2	347.8
Extraordinary items:		
Special levy on UK banking deposits	(94.1)	—
Other items	—	0.5
Profit attributable to members of Barclays Bank PLC	337.1	348.3
Dividends:		
Interim	29.8	26.1
Proposed final	32.6	26.1
	62.4	52.2
Profit retained	274.7	296.1
Earnings per £1 Ordinary stock	152.8p	124.2p
Dividends per £1 Ordinary stock	22.0p	18.5p

NOTES

1. The bases of accounting are as explained on pages 55 and 56 of the 1980 annual accounts.

2. Analyses of Total Group profit:

	1981 £m	1980 £m
By nature of income/expense:		
Interest income	6,034.4	4,391.1
Interest expense	4,319.9	2,929.0
Net interest income	1,714.5	1,462.1
Other operating income	615.9	466.8
	2,330.4	1,928.9
Operating expenses:		
Staff	1,057.9	864.6
Property and equipment	254.7	204.0
Other	314.3	236.7
	1,626.9	1,305.3
	703.5	623.6
Charge for bad and doubtful debts	140.1	130.3
	563.4	493.3
(Losses)/profits on realisation of investments	(5.6)	5.4
	557.8	498.7
Share of profit of associated companies	58.5	50.1
	616.3	548.8
By source:		
Barclays Bank PLC	267.1	290.5
Barclays Bank International Group	242.5	179.9
Barclays Merchant Bank Group	7.6	7.3
Mercantile Credit Group	52.1	38.0
Other subsidiary and associated companies of Barclays Bank PLC	47.0	33.1
	616.3	548.8

3. Movements in provisions for bad and doubtful debts in the year are:

	The Group 1981 £m	The Group 1980 £m	The Bank 1981 £m	The Bank 1980 £m
Provisions at beginning of year	446.6	379.8	236.4	193.0
Exchange and other adjustments	29.6	3.3	—	—
	476.2	383.1	236.4	193.0
Provisions raised, less amounts released	146.4	134.5	47.6	71.0
	622.6	517.6	284.0	264.0
Amounts written off	84.6	71.0	33.5	27.6
Provision at end of year	538.0	446.6	250.5	236.4
Provisions at 31 December:				
Specific	335.8	270.1	140.4	128.6
General	202.2	176.5	110.1	107.8
	538.0	446.6	250.5	236.4

The charge against profit for bad and doubtful debts comprises:

	The Group 1981 £m	The Group 1980 £m	The Bank 1981 £m	The Bank 1980 £m
Charge for specific provisions	122.1	102.9	45.3	54.5
Charge for general provisions	24.3	31.6	2.3	16.5
	146.4	134.5	47.6	71.0
Recoveries of amounts previously written off	(6.3)	(4.2)	(1.9)	(1.4)
	140.1	130.3	45.7	69.6

4. Taxation charged against profit for the year has been reduced by £154.5m (1980: £124.7m) due to the deferment of tax liabilities for which provision has not been made. The total amount of potential taxation not provided at 31 December 1981 is £588.4m (1980: £441.3m).
The Directors consider it prudent to continue to maintain a provision of 25% of the potential taxation liability in respect of the Group's UK leasing business.

5. Dividends on Ordinary stock:

	1981 p per £1 stock	1980 p per £1 stock
Interim dividend	10.50	9.25
Proposed final dividend	11.50	9.25
	22.00	18.50

6. Earnings per £1 Ordinary stock are based upon profit after taxation and after deducting profit attributable to the minority stockholders of subsidiary companies, but before extraordinary items. Dividends on Staff stock are also deducted. The earnings amount to £431.0m (1980: £347.7m) and are related to the weighted average £282.1m of Ordinary stock (1980: £280.0m) in issue during the year.

7. Stockholders' funds (issued capital and reserves) have increased as follows:

	1981 £m	1980 £m
Profit retained	274.7	296.1
Issues of stock under profit sharing schemes (including share premium)	7.6	7.4
Non-trading exchange surplus/(deficit)	2.6	(16.2)
Goodwill on acquisitions	(15.7)	(53.1)
Other items	6.0	1.7
	275.2	235.9
At beginning of year	1,991.5	1,755.6
At end of year	2,266.7	1,991.5

8. Certain balance sheet figures are:

	1981 £m	1980 £m
Capital resources:		
Stockholders' funds	2,267	1,992
Minority interests in subsidiary companies	132	102
Loan capital	432	323
	2,831	2,417
Deposits	42,834	31,980
Advances	35,613	25,806
Total assets	48,752	37,097

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1981

(Current cost basis)

	1981 £m	1980 £m	*1980 restated £m
Historic cost operating profit	557.8	498.7	557.9
Current cost adjustments:			
Monetary working capital	(211.0)	(206.6)	(231.1)
Additional depreciation	(38.4)	(30.7)	(34.4)
Cost of sales	(1.5)	(2.6)	(2.9)
Current cost operating profit	306.9	258.8	289.5
Share of current cost profit of associated companies	36.6	28.1	31.4
	343.5	286.9	320.9
Interest on loan capital	(49.7)	(25.3)	(28.3)
Gearing adjustment	51.6	48.0	53.7
Current cost profit before taxation and extraordinary items	345.4	309.6	346.3
Taxation	(105.2)	(152.1)	(170.1)
Current cost profit after taxation	240.2	157.5	176.2
Attributable to minority interests	(14.6)	(10.3)	(11.5)
Extraordinary items	(94.1)	0.5	0.5
Current cost profit attributable to stockholders	131.5	147.7	165.2
Dividends	(62.4)	(52.2)	(58.4)
Current cost profit retained	69.1	95.5	106.8
Current cost earnings per £1 Ordinary stock	79.9p	52.5p	58.7p

*In order to make allowance for the effect of inflation, the 1980 figures are restated in this column in 1981 £ value terms by reference to the movement of the UK retail price index.

BARCLAYS

BY ORDER OF THE BOARD, P. S. PERRY, SECRETARY,
REG. OFFICE: 54 LOMBARD STREET, LONDON EC3P 3AH.

Reg. No. 48839 1st March 1982

$200m Argentinian credit expected

By Peter Montagnon, Euromarkets Correspondent

A FORMAL mandate is expected later this week for a $200m eight-year credit for Argentina's electric utility SEGBA, the first major public sector borrowing by an Argentine entity since the recent controversial $450m credit for the State oil company, YPF.

Terms are expected to include a margin of 1⅝ per cent over London Eurodollar rates (Libor) for the first four years, rising to 1¾ per cent for the remaining four. Repayments would begin after a four year grace period.

These terms are broadly the same as those on the YPF transaction, but syndication of the SEGBA deal is expected to proceed on a much more straightforward basis than with YPF. That borrowing became bogged down in a complicated marketing effort involving the sale of several different tranches on differing terms to smaller participants in the market.

SEGBA will also offer lenders the opportunity to contribute funds at a margin over U.S. prime rate. In that case, the spreads will be set ⅛ point below those on the Libor segment.

Banks in the lead group are expected to include Arab Banking Corporation, Bank of Tokyo, Bank of Yokohama, Credit Commercial de France, Gulf International, National Westminster and Yasuda Trust.

German shipbuilder plans big cuts in workforce

BY JAMES BUCHAN IN BONN

WEST GERMANY'S leading shipbuilder, Howaldtswerke-Deutsche Werft, will need to cut its workforce by over 1,300 in the course of the next year if it is to survive the present crisis in the shipbuilding industry.

The company, in which the state-owned Salzgitter group holds 75 per cent and the state of Schleswig-Holstein the remainder, confirmed yesterday that it was pushing ahead with plans to close two of its five shipyards before the spring of next year.

The yards to be closed are in Hamburg and Kiel, with the loss of jobs—more than 600 in each city—amounting to almost 10 per cent of the company's workforce of 12,200. The closures were originally part of a three-year restructuring plan, which was announced in 1979 but delayed through disputes with the trades unions involved.

The company, which incurred losses of more than DM 70m ($29m) on Sales of DM 1.25bn in the year ended last September, now says it can delay no longer if jobs are to be protected in the long term.

If it can push through the planned cuts in capacity, the company expects to keep the remaining yards in work for some time.

There has been a surge in orders in the first few months of the current year, including a contract for two submarines from India. The company's order book now stands at DM2.8bn, or 40 per cent higher than at the end of last year.

As a result the company believes orders now in hand are sufficient to keep the remaining yard in Hamburg in work until the second quarter of 1983 and the two Kiel yards right into 1984.

Provided the rationalisation plans go through, the company hopes to be out of the red in the course of the current year.

Varta forecasts setback

BY KEVIN DONE IN FRANKFURT

VARTA of West Germany, one of the leading European battery manufacturers, reports falling profits and weak sales for 1981. Group turnover rose by just 7 per cent to DM 1.629bn.

Varta, in which Quandt family interests hold a majority interest, suffered in particular from the continuing recession in important domestic industrial sectors such as car manufacture.

No details are released of group profitability in 1981, but the company made clear in a letter to shareholders that profits had slipped well below the DM 28.5m after-tax profit achived in 1980.

The main division manufacturing starter batteries achieved only a 4 per cent rise in turnover to DM 708m, and this modest growth was derived solely from a sales expansion in foreign markets.

Share of foreign sales in Varta group turnover—exports and foreign manufacture—rose to 62 per cent from 59 per cent in 1980, helped chiefly by a 13 per cent rise in turnover from Varta foreign-based subsidiaries.

Export sales from West Germany also rose by 12 per cent to DM340m.

Dutch bank cuts dividend

By Charles Batchelor in Amsterdam

NEDERLANDSE Credietbank (NCB) is to cut its 1981 dividend after a fall in profits. Despite a cut in the tax charge, higher provisions for bad debts reduced earnings at the net level.

Net profit fell 12 per cent to Fl 19m on a balance sheet which rose 15 per cent to Fl 15.6bn. NCB proposes cutting its dividend to Fl 3.60 per share from Fl 4.60.

The results of NCB (Deutschland) were fully consolidated for the first time.

Chilean purchase by Banco de Santander

By Robert Graham in Madrid

BANCO DE SANTANDER has taken over the Chilean bank, Banco Espanol-Chile. Santander, one of the big seven Spanish banks, is expected to invest $50m in the Chilean bank.

The takeover involves the merger with Santander's existing Chilean branch and represents the largest foreign purchase to date by a Spanish bank.

Banco Espanol-Chile was founded in 1900 and has long been the bank representing Spanish interests there. Santander sought to purchase the bank last autumn but found problems which delayed the purchase. The bank's difficulties eventually led to intervention by the Chilean authorities and seven financial institutions. The bank has 37 branches and 1,200 employees.

The Spanish banking authorities have yet to give formal approval to the Santander investment, but under new liberalised overseas investment laws no difficulty is foreseen. In the past two years, Spanish banks have begun to diversify abroad, especially in Latin America.

Banco Santander Chile is capitalised at $8m. This is to be added to the new capital of Espanol-Chile and will give the merged bank a total capital of $58m.

KHD sees improvement as orders rise sharply

BY OUR BONN STAFF

FOREIGN sales helped Kloeckner-Humboldt-Deutz, the West German engineering concern, to achieve "satisfactory results" last year despite mounting competition and the poor performance of an Argentinian subsidiary.

In its latest shareholders' letter, KHD, Germany's largest manufacturer of diesel engines and an important producer of process plant and agricultural machinery, reports that group sales rose by 4.4 per cent to DM 4.8bn ($2bn) last year. Parent company turnover increased by 4 per cent to DM 3.9bn.

The main contribution to parent company sales came from the engines division, helped by increased demand from members of the Organisation of Petroleum Exporting Countries. This helped compensate for a fall of DM 170m in deliveries of industrial plant.

The parent company's figures were marked by a substantial increase in new orders, particularly from abroad. Order inflow rose by 34 per cent to DM 4.8bn, of which 70 per cent or DM3.4bn came from overseas, nearly 50 per cent up on the 1980 level of DM 2.3bn.

This trend has continued into the current year, particularly in the industrial plant division, which started 1982 with orders of DM 2.1bn in hand, 95 per cent of them originating abroad. Particularly significant were major orders for cement plants from Iraq and Saudi Arabia. The company expects a "generally better" result for 1982.

Among its subsidiaries, KHD said that the economic crisis in Argentina had severely afflicted its local manufacturer of engines and tractors.

O and K hit by slack demand

BY OUR BONN STAFF

THE SEVERE recession in the West German building industry last year hampered the activities of Orenstein und Koppel, the Dortmund based construction machinery and shipbuilding group. Group sales remained unchanged at 1980's depressed level of DM 1.27bn ($530m), while turnover of the parent company fell by 3 per cent to DM 1bn.

In a preliminary report on 1981, the concern made clear that earnings were badly affected by a collapse in domestic demand for the heavy earth-moving machinery that makes up the bulk of parent company turnover. Domestic sales for the parent company fell by about 24 per cent to DM 425m and this poor result was only partially compensated by a 23 per cent increase in overseas turnover to DM 580m.

Overall, the group increased exports by 16 per cent and as a result export markets now represent two-thirds of total turnover.

However, the group said yesterday that demand for construction machinery had improved towards the end of the year and the parent company's order book started 1982 up 18 per cent at DM 854m.

Earnings were also under pressure from costs which rose partly as a result of the company's efforts to restructure domestic operations. Last year saw a further cut of about 1,000 jobs at the parent company's plants to a total of 7,200.

● Allianz Lebensversicherungs plans to pay an unchanged dividend of DM 9 for 1981 and transfer DM 23m ($9.6m) to reserves. In a letter to shareholders, the insurance group said the outlook for 1982 earnings was positive. Net profit in 1980 was DM 27.4m.

The company is 46 per cent owned by Allianz Versicherungs and 46 per cent by Muenchener Rueckversicherungs - Gesellschaft.

Hongkong and China Gas to pay more

By Our Financial Staff

HONGKONG and China Gas has reported a 14 per cent increase in group net profits for the year ended December to HK$44.67m (US$7.5m) from HK$39.13m a year earlier.

The utility has paid three quarterly dividends of 24 cents each and has declared a final of 48 cents to make a total for the year of HK$1.20 a share.

Mr R. C. Lee, the chairman, has forecast a total dividend of HK$1.32 a share for 1982.

Profit margins contracted last year because of a rapid escalation in costs—and despite a large increase in the number of customers, a substantial rise in equipment sales, and improved demand.

Mr Lee said it was difficult to forecast 1982 profits but a recently proposed tariff adjustment will contribute to a restoration of profit margins

The utility's 1981 revenues were HK$438.5m, up from HK$332.5m in 1980.

● Prima, the major Singapore flour miller has reported a 6 per cent decline in group pre-tax profits for the year ended December to S$17.4m (U.S.$8.3m).

However with a 49 per cent decline in tax, net profit showed a 30 per cent improvement to S$13.05m.

Higher interest charges affect Cullinan Holdings

BY OUR JOHANNESBURG CORRESPONDENT

CULLINAN HOLDINGS, the South African manufacturer of refractories, industrial porcelain, and bricks, was adversely affected by higher interest costs in the six months ended December 31, 1981. First-half operating profit rose to R11.24m (US$11.5m) from R10.97m, but a substantially higher interest charge left pre-tax profit down to R8.13m from R9.51m. First-half turnover rose to R61.5m from R55.4m. For the year ended June 30, 1981 turnover was R121.3m and operating profit R20.7m.

The company said that all divisions recorded satisfactory growth except the refractories division which was hampered by a build-up of export stocks. These will be delivered in the current half and are expected to result in a better performance.

However, difficult steel industry and general economic conditions are affecting the group and it is considered unlikely that current year earnings will reach the 135 cents a share forecast in the last annual report.

Earnings are not expected to fall below the 109.6 cents per share of the last full year, however, and an unchanged interim dividend of 12 cents has been declared despite first-half earnings falling to 48.0 cents from 58.9 cents. The total dividend for 1980-81 was 36 cents.

Downturn at CUSAF

BY OUR JOHANNESBURG CORRESPONDENT

COMMERCIAL UNION Assurance Company of South Africa (CUSAF), the short and long-term insurance company, suffered from substantial higher underwriting losses in 1981 and profit after tax fell from R3.1m to R2.79m ($2.85m).

In the general insurance side of the business net written premiums rose to R45.1m from R38.4m. However, the underwriting loss increased to R3.93m from R625,000. In line with its competitors, the company was affected by intense competition in the motor insurance sector, bad claims experiences, and fast-rising costs of motor repairs.

The dividend total has been increased to 25 cents from 24 cents although earnings fell to 34.9 cents a share from 38.8 cents. CUSAF is 45 per cent-owned by Commercial Union of the UK and 30 per cent by Gold Fields of South Africa.

Strong advance for Toyota South Africa

By Our Johannesburg Correspondent

TOYOTA SOUTH Africa, the country's largest motor vehicle manufacturer, increased operating income to R72m ($37.5m) in the year to December 31 from R39.3m in 1980. The introduction of Lifo (last in first out) accounting methods for the first time meant, however, that pre-tax profit only rose to R53.1m from R38.5m.

The company, a subsidiary of the largest Japanese vehicle maker, says that the R19m Lifo charge far exceeded earlier expectations and is a reflection of the significant adverse movement in the value of the rand and its effect on current costs of production.

The significantly improved operating profit reflects a 12.1 per cent growth in the motor vehicle market over 1980. In addition, Toyota South Africa's market penetration increased to 20 per cent from 16.2 per cent.

The board is cautious about prospects for 1982 and offers no estimates of sales or profit. However, motor industry analysts are unanimous that sales will be lower than in 1982 as new vehicle buyers are affected by higher finance charges and sales tax.

A total dividend of 115 cents has been declared from earnings of 797.8 cents a share. In 1980 earnings were 598.3 cents a share and the dividend totalled 85 cents.

ISRAELI NEWS

Koor sees increase in exports to $530m

BY L. DANIEL IN TEL AVIV

KOOR, the industrial holding company of the Israeli Labour Federation and a barometer for the country's manufacturing sector, is forecasting a substantial increase in its affiliates' exports.

It expects their exports to reach US$530m this year compared with $450m last year and $392m in 1980. The group accounts for 12 per cent of Israel's industrial exports.

The best performance among Koor's more than 100 plants are likely to be those in electronics and electrical equipment. Koor expects them to lift exports to $188m from $157m last year.

Koor companies' capital spending will increase by 50 per cent this year to $150m with $60m of it going to electronics and $36m to chemicals.

The forecasts cover only those companies in which the holding company has a stake of 50 per cent or more. Koor reported a 153 per cent increase in its sales in nominal terms, or 7.5 per cent in real terms, to Sh 18bn ($1.1bn) for the year ended December.

* * *

ELRON ELECTRONICS lifted its net profits to $3.3m in the nine months ended December from $290,000 a year earlier. The rise reflected the return to the black of its 69 per cent owned subsidiary Elbit Computers and increased earnings at its 34 per cent owned affiliate Elscint which makes medical diagnostic equipment.

* * *

ELCO, Israel's largest producer of transformers, has reported a 26 per cent increase in real terms in its turnover for the six months ended September to Sh 217m ($13m).

Net profits rose by 22 per cent in real terms to Sh 8.3m and exports tripled to $2.9m.

* * *

ETZ Lavud, one of the country's most diversified industrial companies, has reported net income for the nine months ended December of $4.7m compared with $1.98m a year earlier.

J. C. Penney up by 66% after slower final quarter

BY OUR FINANCIAL STAFF

THE SUBSTANTIAL improvement in profit margins in the early part of the year has enabled J. C. Penney, the number three U.S. retailer and a major force in mail order, to post a sharp gain for the year to January 30. But sales for the all important Christmas quarter showed a fall from $3.89bn to $3.79bn.

Net earnings for fiscal 1982 were 66 per cent up at $387m, or $5.50 a share, although the gain in sales was only moderate at $11.86bn against $11.35bn. Totals for fiscal 1981 include $21m in losses on discontinued operations and a $14m provision against other losses.

In the final quarter, earnings growth slowed, with the net total up to $207m compared with $160m. At the end of the first nine months of the year, Penney was showing a gain of 105 per cent in net income.

For the current year, a further gain in profits is expected on Wall Street.

Mr Donald V. Seibert, chairman, said "economic conditions are expected to improve by midyear." He noted that consumers are not burdened with high levels of indebtedness, that inflation is moderating and that personal taxes are to be cut in July. "A combination of these factors should bolster consumer spending during the second half."

Closure of General Tire plant to cost $40m

BY OUR FINANCIAL STAFF

GENERAL TIRE and Rubber, the fifth largest U.S. tyre group, is to shut its tyre making plant in Akron, Ohio. The plant was its first and began operations in 1915.

The company has also dropped earlier plans to replace the existing plant with a new facility. It now believes that a new plant is not feasible while its other factories are operating below capacity.

The closure of the Akron plant is expected to cost between $40m and $50m pre-tax, which will be charged against this year's earnings.

The plant employs 1,250 hourly and salaried workers while a further 421 are already on lay-off. About 185 jobs will be kept for power generation and some mechanical work.

As part of the closure around $2m will be distributed to workers at the plant who in 1979 took a 36 cents an hour pay cut in return for an understanding that a new tyre plant would be built in the Akron area. General Tire has other plants in the U.S., including Kentucky, North Carolina and Texas.

Canadian bank results mixed

THE FIRST TWO Canadian chartered banks to report on trading for the first quarter of fiscal 1982 show mixed results, writes Our Montreal Correspondent.

Toronto Dominion Bank, the fifth largest, earned C$88m (U.S.$78.2m) or C$2.13 a share, in the three months ending January 31, against C$73.9m or C$1.90 a year earlier. Foreign business was better but domestic earnings were held down.

National Bank of Canada suffered a loss of C$28.1m (U.S.$25.5m) against a profit of C$5.8m or 29 cents a share. Factors were lower margins on domestic business and problems associated with the merger of the former Provincial Bank and Canadian National Bank into the present National Bank of Canada.

Republic Airlines loss unchanged

By Our Financial Staff

REPUBLIC AIRLINES, seventh-largest of the U.S.-based carriers, yesterday reported a loss of $46m for 1981, unchanged from the previous year's figure, despite a record 58 per cent increase in revenues to $1.45bn.

The company said losses up to November amounted to $52.7m, but were reduced for the whole year by the sale of tax benefits.

Republic, which is suspending payment of an annual dividend after paying out 10 cents a share a year ago, blamed continuing recession and high interest rates in the U.S., intense price competition in th airline industry and the effects of the U.S. air controllers' strike as factors contributing towards its dismal performance.

With long-term debt standing at 85 per cent of capital at the end of 1980, Republic is believed to be among the most vulnerable airlines in a troubled industry to high interest rates.

Mr Daniel May, the president, reiterated the airline's commitment to a financial recovery plan that involves seeking pay and staff cuts, more flexible working and stepped-up marketing efforts.

DM 150m Eurobond for Italian railways

By Alan Friedman

FERROVIE DELLO STATO, the Italian state railways, launched a DM 150m five-year offer yesterday through Commerzbank. The paper, which is already being quoted at a 1½ to 2 per cent discount in pre-market trading, carries a 10½ per cent coupon.

This is the same coupon paid last week by Spanish Telephones, which is looking for DM 100m over 10 years. Neither issue is likely to be a quick seller and Spanish Telephones is being quoted at a discount of 2 per cent.

The news from Munich was that Bayerische Vereinsbank's DM 50m eight-year convertible paper for Murata Manufacturing has been withdrawn from the market. This is the first time a Japanese convertible has been withdrawn from the Euro D-Mark sector this year; the problem appears to be a sharp fall in Murata's share price in Tokyo.

Murata shares closed at Y1,280 last night, a fall of Y70 since Friday. The paper had carried a 7 per cent coupon indication.

Prices of D-Mark and Swiss franc foreign bonds were roughtly unchanged amid hopes that today will see better trading in the wake of yesterday's strong New York bond market.

The Eurodollar bond market managed to mark fixed-interest paper ½ point higher by last night, taking its cue from New York. Six-month Eurodollar deposits were off ¼ point at 15 per cent, an encouraging development which was mirrored by similar declines in Euro-D-Mark and Swiss franc deposit rates.

Most of yesterday's Eurodollar bond trading was among professional dealers, with retail and institutional investors engaging only in moderate trading in the zero coupon sectors. A surprisingly active secondary market appears to be building up for zero coupon bonds and many have been posting impressive gains for the past fortnight.

In the Swiss franc foreign bond market a SwFr 40m five-year private convertible placement is being arranged for Mitsubishi Mining and Cement. Credit Suisse is handling the deal, which carries a 5¼ per cent coupon and an investor redemption option after four years.

This week should also see a large Australian private placement in the Swiss franc foreign bond market. Only a week ago Australia denied rumours of a major dollar floating rate note plan. This time it looks as though the issue will materialise.

Arab banks withdraw from Pemex credit

By Our Euromarkets Correspondent

THREE ARAB banks have withdrawn from the $2bn credit being arranged for Mexico's state oil concern, Pemex. The banks, Arab Banking Corporation, Gulf International and Arlabank, gave as one of their reasons a lack of consultation when the lead management group was expanded above the original target of 20 institutions.

Some 28 banks are now committed to lead management positions in the credit, even without Arab participation. This means that the fees will be shared by a larger group than previously expected.

Subsequently some of the Arab banks concerned are reported to have expressed reservations about plans to invite "pro-Zionist" banks to participate at a junior level in the credit.

The problem of the so-called Arab blacklist arises from time to time in the Euromarkets but itis rare for Arab institutions leading a credit to protest about blacklisted banks participating at a junior level.

Most bankers thus believe that the question of the syndication strategy and the fees remains the major reason for the Arab banks withdrawal from the credit.

Taxes and interest cost hit Nova

By Robert Gibbens in Montreal

NOVA CORPORATION, the Calgary-based energy group, reports lower earnings for 1981, in line with most other large integrated companies in the oil and gas business.

Nova, which explores, develops and produces oil and gas in western Canada and the U.S. and is also a major pipeline operator, has diversified aggressively into petrochemicals and industrial products. It is one of the few Canadian companies likely to help pull the C$13bn Alsands project in Alberta back on track.

Last year, Nova earned C$129.9m (U.S.$118m) or 90 cents a share against C$143.7m or C$1.10 per share in 1980, on revenues of C$2.6bn against C$2.1bn. Mr Robert Blair, the president, said all sectors achieved higher revenues last year, but the drop in earnings was mainly attributable to high interest costs and higher Federal taxes on production.

Black quits AM in order to pursue $3m law suit

MR RICHARD BLACK, the chairman, president and chief executive of AM International, the ailing Chicago office equipment company, resigned yesterday in order to pursue a legal action which he mounted against the company last week, writes David Lascelles in New York.

His resignation comes in the wake of fresh financial difficulties at AM, which revealed last week that it may go into default on its bank debt unless it can obtain waivers from its creditors. AM owes about $240m and has run up losses of $265m in the past five quarters.

AM's announcement of Mr Black's resignation stressed, however, that his departure was not connected with the company's financial problems. He quit, it said, to avoid potential conflict which might result from his lawsuit.

Last week Mr Black sued AM, along with members of its former management and its former accountants, Price Waterhouse, accusing them of misrepresenting the company's financial strength to him when he was hired a year ago. At the time, Mr Black paid $3m for AM shares, the value of which has since fallen by four fifths. Mr Black is seeking damages of more than $3m.

When the suit was announced last week, AM's board said it hoped Mr Black would stay and he said he would if he could. He decided to resign over the week-end.

Mr Black will remain as a consultant to AM. Meanwhile, Mr Joe Freeman, senior vice-president and chief financial officer, has been elected president and chief executive. A new chairman has not been named.

AM is due to meet its bank creditors this Thursday in an attempt to hammer out its second debt rescheduling in only six months. AM has been unable to meet the terms of the previous rescheduling because of the persistence of large losses.

Mr Richard Black

Heavy losses from high technology

BY DAVID LASCELLES IN NEW YORK

GLAMOROUS AND beguiling it may be, but the high technology business can bring disaster as well as delight.

This is the sorry lesson learnt by AM International, the large Chicago-based office equipment company which made an ill-fated string of high technology acquisitions in the late 1970s, only to end with a clutch of loss-making subsidiaries, massive debts and a bundle of law suits.

AM, better known under its previous name, Addressograph-Multigraph, began to court trouble in the mid-1970s when its former chairman, Mr Roy Ash, hoped to push AM into faster-moving markets through a run of deft acquisitions.

Shot in the arm

At the time he was applauded. AM was in a humdrum business making addressing machines and duplicators, and it needed a shot in the arm. Mr Ash himself cut a dash as one of the founders of Litton Industries, the successful West Coast industrial conglomerate, and a former Director of the Office of Management and Budget during the Nixon Administration.

The dozen or so companies Mr Ash bought were mostly small and highly specialised: one made components for cash registers, another counted copies coming off a copying machine, a third made microfiches, and a fourth small computers. But none of them, alas, made money and in retrospect, Mr Black says, none fitted in with AM's core businesses. Much as AM might have wanted to get into the "office of the future" business, synergy—that elusive alchemy of U.S. corporate strategists—was missing.

Exactly a year ago, AM's board lost patience and fired Mr Ash, replacing him with Mr Richard Black, a quiet-spoken athletic 48-year-old who had already rescued one company from disaster, and had most recently been president of Alusuisse's American operations. As an inducement, Mr Black was offered 300,000 shares of AM at $11.125 each, for a total outlay of over $3m, half of which he paid on the nail.

Mr Black quickly went to work on what he calls AM's archaeology, and was appalled by what he found. Not only were AM's assets grossly overstated, much of the inventory was unsaleable, and some receivables were not receivable at all.

Within weeks he decided to sell five of AM's 12 basic units, and added two more to the list later. These represented a quarter of AM's revenues and 29 per cent of its assets — but nearly half of its losses as well. In April, Mr Black commissioned a special audit from Arthur Andersen, the accounting firm, which resulted in adjustments that reduce AM's assets by a staggering $203m — and the dismissal of its accountants, Price Waterhouse.

Next, Mr Black had to tackle the banks which were owed about $270m in the U.S., Canada and Europe, about $170m of it was short-term, high-cost debt owed mainly to U.S. banks. British banks were carrying $14.5m, Canadian banks $11.9m and other foreign banks a further $22m. Some banks had started calling their loans, but Mr Black decided he could not afford to let AM's finances unravel so he put a stop to repayment even though that plunged the company into default. After tough negotiations, the banks agreed to give AM more time.

Negative net worth

But there was little Mr Black could do to salvage AM's 1981 financial year, which ended on July 31 with a $245m loss, compared with a profit of $21.3m in 1978, AM's best year in recent times. Sales were also down, from $690m in 1980 to $653m in 1981. In the first quarter of the new financial year, AM incurred another $20m loss, which left it with a negative net worth of $5.5m.

Meanwhile, though, Madison Fund, which had bought its shares for $17.33 apiece and seen them slump to $4, filed a $27m misrepresentation suit against Mr Ash and several other parties, including Price Waterhouse and New Court Securities, the Rothschild bank in the U.S. which was acting as investment banking adviser to AM at the time of the Madison deal. Half a dozen other shareholder lawsuits followed.

Mr Black managed to sell six of his list of seven, though at disappointingly low prices, and often for paper rather than cash. He made extra savings by cutting staff by 5 per cent and ordering an across-the-board 5 per cent pay cut. But even this drastic surgery was not enough to get AM off the rocks. The company announced last week that continuing losses would force it into renewed default on its bank loans unless waivers could be negotiated.

Meanwhile, Mr Black had himself joined the ranks of those suing AM, accusing the company of misrepresenting its finances to him at the time he agreed to make hisc $3m investment, since when the AM stock price had dropped to $2 from the $11.25 paid. The unusual spectacle of a company sued by its own chairman added to the sense of rupture at AM.

Mr Black says his resignation has to do with his law suit, not AM's financial woes. However, his departure raises serious questions about AM's continued viability.

Mr Blac khoped to rebuild AM around three core businesses: offset printing; computer-based phototypesetting and composing systems; and equipment to make and reproduce engineering drawings.

Al lare basically profitable. But AM's overall earning capacity is being crushed by bank debt, and it is clear that the core businesses will be unable to survive unless the banks agree to restructure AM's debt for the second time in only six months. Although Mr Black intends to remain as a consultant, the new management will have to convince the banks that they can handle its immense problems.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday March 23.

Closing prices on March 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	102¾	103¼	0	0	15.71
APS Fin. Co. 17¾ 86 ...	80	104½	105	0	+0¼	15.84
APS Fin. Co. 16¾ 89 ...	75	100½	101	0	+0⅝	16.04
Armco O/S Fin. 15⅝ 86	50	99	99½	−0⅛	−0¼	15.66
Bank Montreal 16¾ 91	150	101¾	101⅞	+0¼	+0⅞	16.87
Br. Colum. Hyd. 16¾ 88	100	102¼	102¾	+0¼	+0⅜	15.56
Br. Colum. Mfa. 17 97	54	103⅜	103⅞	−0¼	−0⅜	16.30
Can. Nat. Rail 14⅝ 91	100	95	95½	+0¼	+1	15.56
Caterpillar Fin. 16½ 86	100	102⅞	103⅜	0	+0¼	15.43
CFMP 16⅝ 96	100	101⅝	102⅛	−0¼	−0⅜	16.36
CIBC 16¼ 91	100	103	103½	+0⅛	+1	16.00
Citicorp O/S 16¾ 86...	150	103	103½	−0¼	−0¼	15.62
Cities Service 17 88 ...	150	104	104½	+0¼	+0⅜	15.83
Cons.-Bathurst 17½ 88	80	102½	103	−0¼	−0¼	16.72
Dupont O/S 14½ 88 ...	400	98½	99	+0¼	+0⅜	14.76
Dupont O/S Cap. 0.0 90	300	34¼	34⅞	−0⅛	+0⅜	14.37
EIB 16⅝ 91	100	102⅜	103¼	+0¼	+1⅛	16.06
Gen. Elec. Credit 0.0 92	400	28⅝	28⅞	−0¼	−1⅛	13.25
Gen. Elec. Credit 0.0 93	400	25⅜	25⅞	−0⅛	+0⅛	12.75
GMAC O/S Fin. 16½ 84	300	101⅛	101⅝	0	+0⅛	15.70
GMAC O/S Fin. 16 88	150	98⅜	98⅝	+0⅛	−0⅛	16.43
Gulf States O/S 17⅞ 88	60	103⅞	104⅛	−0⅛	0	16.38
Japan Airlines 15⅝ 88	50	100	100½	−0⅛	−0⅛	15.14
Nat. Bk. Canada 16½ 88	40	100⅝	101⅛	+0⅛	+0½	16.95
Nat. West 14⅝ 91	100	97⅝	97⅞	+0⅛	+1⅛	15.22
New Brunswick 17 88	80	105⅞	105⅝	+0⅛	+0½	15.56
New & Lab. Hy. 17⅝ 89	75	103⅝	104⅛	−0¼	−0⅛	16.27
Ohio Edison Fin. 17⅞ 88	75	104½	105	+0⅛	+0½	16.20
OKG 15⅝ 97	50	98	98½	−0⅛	0	16.02
Ontario Hyd. 16 91 (N)	200	102⅛	102⅝	+0⅛	+1⅛	15.44
Pac Gas & El. 15⅝ 89	80	100⅛	100⅝	+0⅛	+0⅝	15.63
J. C. Penney Gl. 0.0 92	350	20½	21	+0⅛	+0½	11.52
Quebec Hydro 17¾ 91	150	105⅞	106⅜	+0⅛	+1⅝	15.90
Quebec Prov. 15⅝ 89...	150	96¼	96¾	+0⅛	+1⅛	16.02
Saskatchewan 16⅛ 86	100	101½	102	0	+0½	15.75
Statsforetag 15⅝ 87 ...	50	98⅝	99⅛	+0⅛	+0½	16.06
Sweden 14⅞ 88	150	94	94½	−0⅛	+0½	15.90
Swed. Ex. Cred. 16½ 93	75	100⅝	101⅛	−0⅛	0	16.25
Texas Eastern 15⅞ 88	75	99	99½	0	+0⅛	16.02
Transcanada 17⅝ 88 ...	75	106⅛	106⅝	−0⅛	+0⅛	15.99
Transcanada 16 89 ...	100	98½	99	0	+0½	16.24
Winnipeg 17 86	50	104⅝	105⅛	0	+0⅛	15.36
WMC Fin. 15½ 88	50	96⅛	96⅝	−0⅛	−0⅛	16.34
World Bank 16½ 88 ...	130	103⅜	103⅞	+0⅛	+0⅛	15.26
World Bank 16½ 88 ...	100	103⅛	103⅝	+0⅛	+0⅜	15.57

Average price changes... On day 0 on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 9¾ 91	300	98⅛	98⅞	−0¼	−0¼	9.59
Belgelectric 11 91	100	101⅞	102⅜	+0½	+1	10.63
CECA 10 91	120	100⅝	101⅛	+0¼	+0⅛	9.81
Coun. of Europe 10 91	100	99⅞	100⅜	+0⅛	+0½	9.95
Coun. of Europe 10⅛ 91	100	100⅝	101⅛	−0½	−0½	10.11
EEC 10⅛ 93	100	100⅜	101⅞	0	+0⅛	10.03
EIB 10½ 91	200	102⅛	102⅞	−0¼	0	10.06
EIB 9¾ 88	80	99½	99⅞	0	0	9.86
Finland, Rep. of 10½ 86	100	100⅝	101⅛	−0⅛	−0⅝	10.28
Inter-American 10 91...	100	100⅛	101⅛	+0⅛	+0⅝	9.87
Inter-American 10⅛ 91	100	100½	101⅛	−0⅛	+0¼	10.09
Ireland 10⅛ 86	100	99⅞	100⅜	+0½	+0⅝	10.07
Mexico 11 88	100	100	100½	−0⅛	−1	10.93
Midland Int. Fin. 8½ 90	180	93½	94	−0⅛	+0¼	9.80
Mt. Bk. Dnmk. 10½ 91	100	99⅞	100⅜	0	+0¼	10.44
Nat. West. 9⅞ 92	100	100	100⅛	0	0	9.84
New Zealand 9¾ 89 ...	200	100⅛	101	+0⅛	+0⅛	9.62
OKB 10⅛ 91	150	100⅛	100⅜	0	+0½	10.02
OKB 9⅝ 85	150	98⅞	99⅜	−0⅛	−0¼	9.92
Quebec Hydro 10⅛ 91....	150	101½	102¼	−0¼	−0¼	9.93
Swed. Ex. Cred. 10⅛ 91	200	99⅜	99⅞	−0⅛	+0¼	10.32
Venezuela 11½ 91 ..	100	99⅞	100⅜	0	0	11.48
World Bank 10 91	250	101⅝	102⅛	+0⅛	+1¼	9.66

Average price changes On day 0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Ansett Transport 7½ 92	50	†101	101¼	−0½	0	7.33
Asian Dev Bank 8 90	80	†102	102¼	0	+1⅛	7.65
Australia 6¾ 93	100	†101¾	102	+0⅛	+1	6.51
Belgelectric 7½ 91	80	†100	100⅛	−0¼	+0⅛	7.48
Bell Canada 7¼ 93	100	†102½	103	−0½	−0¼	6.91
Bar. de Autopistas 8 90	50	†99	99¼	+0⅛	−0⅛	8.13
Denmark 7¼ 91	100	†97	97¼	0	+0⅛	7.67
Dome Petroleum 7⅛ 90	100	†101⅛	102	+0¼	+1⅛	6.94
EIB 7⅛ 92	100	†98½	98¾	−0⅛	+0¼	7.45
Etat de France 7 92 .	100	†97¾	98	0	+0⅛	7.31
ENEL 8 92	44	†99	99¼	+0½	+0⅛	8.13
Genstar 7 91	100	†100½	100⅝	−0⅛	+0⅞	6.90
I.S. Elsam 8½ 91	80	†103¼	103½	+0⅛	+0⅛	7.97
Japan Air Lines 7⅛ 91	100	*102	102¼	0	0	6.94
Neder Gasunie 8 91	100	†106	106¼	−0¼	+0⅛	7.09
Nippon T. and T. 6⅝ 92	100	†99½	99¾	0	+0⅛	6.68
OKB 7⅛ 91	100	†98	98¼	−0⅛	−1⅛	7.52
Oslo, City of 8 91 ...	100	†103⅞	104	−0⅞	+0⅛	7.42
Ost. Donaukraft 7 92	100	†97¾	98	−0⅛	−0⅞	7.31
Saint Etienne 8½ 91	20	†104½	105	+0⅛	+0¼	7.78
Swed. Ex. Cred. 7¼ 91	75	†96	96½	−0⅛	+0½	7.86
TNT O/S Fin. 8 91 ...	50	†103	103¼	−0½	−0⅛	7.53
Transcanada Pipe 7 94	100	†100⅜	101⅛	+0⅛	−0½	6.97
Unilever NV 7¼ 93 ..	100	†104⅛	104½	−0⅛	+0⅛	6.94
World Bank 7 90 ...	100	†99	99¼	+0½	+1¼	7.14
World Bank 8 91 ..	100	†104½	104⅝	0	+1¼	7.31

Average price changes. On day −0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¼ 91	15	99	100	0	+0¼	8.32
Australia 6½ 88	20	91	91¼	−0⅛	−0⅛	8.35
EIB 7⅝ 89	12	98¼	99½	−0⅛	0	7.96
Finland Rep. of 8½ 87	15	99½	100¼	0	+0¼	8.45
Int.-Amer. Dev. 8⅛ 91	15	101½	102¼	0	+0⅛	8.53
New Zealand 8½ 87	15	99¾	100¼	0	+0⅛	8.30

Average price changes On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Can. Utilities 17 86 C$	50	†98	98½	−0¼	+1	17.29
CIBC 15¾ 85 C$	75	†94½	95	0	+0⅛	17.07
Pancanadian 16½ 88 C$	65	†97	97½	0	+0½	17.16
Quebec 17½ 87 C$ ..	50	†102⅞	103⅜	0	+0¼	16.57
Ones Urban 16¾ 86 C$	20	100	101	0	0	16.52
Tordom Cnn 16½ 88 C$	25	†97	97½	0	0	17.27
Transalta 17 86 C$	60	†98¾	99¼	0	+1⅛	17.24

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	86⅞	88	0	0	11.18
SOFTE 8¾ 88 EUA	40	78½	80	+0⅛	+0⅛	12.87
U. Bk. Nwy. 9½ 90 EUA	18	92⅜	93⅜	+0⅛	+0⅛	10.90
Algemene Bk. 10⅛ 86 Fl	80	99	99½	+0⅛	+0⅞	10.49
Amfas Group 12⅛ 86 Fl	40	103⅛	103⅝	−0⅛	0	11.25
Amro Bank 12 86 Fl ...	75	102⅛	102⅝	+0⅛	+0⅛	11.20
Amro Bank 12 86 Fl ...	60	102⅞	102⅝	+0⅛	+0⅛	11.24
Heineken NV 10 87 Fl...	100	96⅛	96⅝	−0⅛	−0⅛	10.86
Pierson 10⅛ 86 Fl	50	97½	98	0	−0⅛	10.97
Rabobank 12 86 Fl	50	102⅝	102⅝	+0⅛	+0⅛	11.19
Air France 14½ 86 FFr...	200	95½	96½	0	+0⅛	15.85
Bk. America 14½ 86 FFr	250	93½	94½	−0¼	−0⅛	16.46
Charb'nages 13⅞ 86 FFr	400	96⅛	96⅝	+0⅛	+0⅛	15.38
EIB 14⅛ 88 FFr	300	90⅞	91⅞	+0⅛	−0⅛	16.50
La Redoute 14⅛ 85 FFr	125	92	93	0	−0⅛	17.15
OKB 14 86 FFr	400	93½	94¼	+0⅛	+0⅛	16.06
Solvay et C. 14½ 86 FFr	200	94⅞	95⅞	−0⅛	0	16.39
Swed. E. Cr. 14½ 86 FFr	250	94½	95½	−0⅛	−0⅛	16.35
U. Mex. Sts. 14 85 FFr	150	91⅞	92⅞	−0¼	−0½	17.16
Acona 14 85 £	20	91⅛	92⅛	0	−0⅛	16.88
Beneficial 14⅛ 90 £ ...	20	85½	86½	+0⅛	0	17.43
BNP 13½ 91 £	15	87⅛	88⅛	0	+0⅛	16.20
CECA 13½ 88 £	20	90⅞	91⅞	+0⅛	+0⅛	15.62
Citicorp O/S 13½ 90 £..	50	91⅛	92⅛	0	+0⅛	15.38
Fin. Ex. Cred. 13⅞ 88 £	15	92	93	0	+1	16.38
Gen. Elec. Co. 12½ 89 £	50	87½	88½	+0⅛	+0½	15.40
Hiram Walker 14⅛ 86 £	25	94⅛	95⅛	+0½	+0½	15.91
Privatbanken 14½ 88 £...	12	90⅞	92⅛	−0⅛	+0⅛	16.79
J. Rothschild 14⅛ 90 £	12	94	95	+0⅛	+0⅛	15.40
Royal Trustco 14 86 £...	12	94⅛	95⅛	0	0	15.92
Swed. Ex. Cr. 13⅛ 86 £	20	93½	94⅛	0	+0⅛	16.00
Akzo 9⅛ 87 LuxFr	500	88⅜	89⅛	+0⅛	+1⅛	11.94
Euratom 9⅛ 88 LuxFr ...	500	88	89	0	+1	12.63
Eurofima 10½ 87 LuxFr...	500	93⅛	94⅛	+0⅛	+1⅛	12.06
EIB 9⅛ 88 LuxFr	600	89½	90½	−0⅛	+0½	12.21
Volvo 9⅛ 87 LuxFr	500	88⅞	89⅞	+0⅛	+1⅛	12.49

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 91	0¼	99⅜	99⅞	29/4	17.06	17.13
Bank of Tokyo 5¼ 91 ...	0½	100⅛	100⅝	10/6	13⅛	13.20
Bk. Nova Scotia 5¼ 93	0¼	99⅝	100⅛	29/4	17.06	17.08
BFCE 5¼ 88	0¼	99½	100	28/4	16.94	16.98
BFCE 5¼ 87	0¼	99⅝	100⅛	27/7	16⅛	16.27
Christiania Bk. 5½ 91...	‡0⅛	99⅛	99⅝	5/5	16	16.08
Co-Ban Eurofin 5½ 91...	0¼	98⅞	99⅜	14/4	16.69	16.86
Den Norske Cred. 5½ 93	0¼	97⅜	97⅞	4/6	13.58	13.89
Genfinance 5⅛ 92	0¼	99½	100	30/6	15½	15.54
Giro und Bank 5¼ 91 ...	‡0¼	99⅛	99⅝	23/3	14.06	14.13
GZB 5⅛ 92	‡0⅛	99⅛	99⅝	5/3	13⅛	13.21
Ind. Bank Japan 5¼ 88	0⅛	99⅝	100⅛	9/6	13.31	13.31
Lloyds Eurofin 5⅛ 93 ...	§0⅛	99⅜	99⅞	29/4	17.13	17.19
LTCB Japan 5½ 89	0⅛	99⅜	99⅞	16/7	15.31	15.39
Midland Int. Fin. 9 91...	0¼	99⅝	100⅛	30/4	17.06	17.08
Nacional Fin. 5½ 88......	0¼	†96⅞	97⅛	25/3	17.31	17.85
Nat. Bk. Canada 5⅛ 88	0⅛	99⅝	100⅛	24/3	17.31	17.33
Nat. West. Fin. 5¼ 91...	§0⅛	99⅛	99⅝	15/7	15.19	15.26
Nat. West. Fin. 5¼ 92...	§0⅛	99½	100	23/4	17	17.04
Nippon Credit 5¼ 90 ...	0⅛	99⅛	99⅝	10/8	18.06	18.14
Nordic Int. Fin. 5½ 91...	0¼	98½	99	6/5	15⅝	15.82
Offshore Mining 5⅛ 91	0¼	98⅛	98⅝	2/6	13	13.20
Pemex 6 91	0⅛	96⅝	97⅛	8/4	17	17.53
PKbanken 5 91	0⅛	98⅞	99⅜	17/6	14⅛	14.54
Sanwa Int. Fin. 5½ 88...	0½	†98⅞	99⅛	24/3	17⅛	17.34
Scotland Int. 5⅛ 92......	0¼	98⅞	98⅞	23/3	13.94	14.13
Sec. Pacific 5⅛ 91	0⅛	98⅞	99⅜	24/6	13⅛	13.40
Societe Generale 5⅛ 91	0⅛	98⅞	99⅜	22/7	15⅛	15.38
Standard Chart. 5⅛ 91	0⅛	98⅛	98⅝	18/5	13.31	13.52
Sumitomo Fin. 5½ 88...	0⅛	98⅛	98⅞	9/8	16	16.06
Toronto Domin'n 5¼ 92	0⅛	99½	100	11/8	16⅛	16.42

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	7/81	933	85½	86⅞	−2¼	−4.07
Bow Valley Inv. 8 95 ...	4/81	23.12	95	97	−0⅛	49.16
Bridgestone Tire 5½ 95	3/82	470	85½	87	−2½	−7.85
Canon 6¾ 95	1/81	829	95⅝	97⅛	−2⅜	−0.34
Daiwa Secs 5½ 96	12/81	513.3	†65	67	−3	−11.32
Fujitsu Fanuc 4½ 96 ..	10/81	6770	98½	99⅞	−3⅛	4.76
Furukawa Elec. 5⅛ 96...	7/81	300	98½	100	−13⅛	−10.14
Hanson O/S Fin. 9½ 96	8/81	1.36	†87	88	−2	−6.38
Hitachi Cable 5½ 96....	2/82	516	88½	90⅛	−7⅛	−7.57
Hitachi Cred. Cpn 5 96	7/81	1773	75⅝	77⅛	0	−2.03
Honda Motor 5½ 97.....	3/82	941	79⅝	81⅛	−4⅛	−4.47
Inchcape 8 95	2/81	4.56	†59½	61	−1	17.29
Kawasaki 5¾ 96	9/81	229	67	68½	0	2.21
Marui 6 96	7/81	931	93⅛	94⅛	−2⅛	5.74
Minolta Camera 5 96 ...	10/81	909	59½	61	−3⅛	−1.19
Minorco 9¾ 97	5/82	8.16	92½	93⅛	−0⅛	10.57
Murata 5⅛ 96	7/81	2190	60⅞	62⅛	−4⅛	−4.40
NKK 6½ 96	7/81	188	73	74½	−0½	−24.87
Nippon Chemi-C. 5 91...	10/81	919	62½	64½	0	3.72
Nippon Electric 5⅛ 97..	2/82	846	92⅞	94⅛	−3½	2.81
Orient Finance 5⅛ 97 ...	3/82	1567	86⅛	87⅛	−2⅛	2.02
Sanyo Electric 5 96 ...	10/81	852	67⅛	68⅛	−3⅛	−2.01
Sumitomo Met. 5⅛ 96.	10/81	305	66⅞	68⅛	+1⅛	3.06
Swiss Bk. Cpn. 6½ 90...	9/80	191	†71½	73½	−0⅛	16.94
Konishiroku 6 90 DM ..	2/82	585	96⅛	97⅛	−3⅛	−6.19
Mitsubishi H. 6 89 DM	2/82	263	92	93	−3	3.19

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

$200m Argentinian credit expected

By Peter Montagnon, Euromarkets Correspondent

A FORMAL mandate is expected later this week for a $200m eight-year credit for Argentina's electric utility SEGBA, the first major public sector borrowing by an Argentine entity since the recent controversial $450m credit for the State oil company, YPF.

Terms are expected to include a margin of 1⅛ per cent over London Eurodollar rates (Libor) for the first four years, rising to 1¼ per cent for the remaining four. Repayments would begin after a four year grace period.

These terms are broadly the same as those on the YPF transaction, but syndication of the SEGBA deal is expected to proceed on a much more straightforward basis than with YPF. That borrowing became bogged down in a complicated marketing effort involving the sale of several different tranches on differing terms to smaller participants in the market.

SEGBA will also offer lenders the opportunity to contribute funds at a margin over U.$. prime rate. In that case, the spreads will be set ⅛ point below those on the Libor segment.

Banks in the lead group are expected to include Arab Banking Corporation, Bank of Tokyo, Bank of Yokohama, Credit Commercial de France, Gulf International, National Westminster and Yasuda Trust.

German shipbuilder plans big cuts in workforce

BY JAMES BUCHAN IN BONN

WEST GERMANY'S leading shipbuilder, Howaldtswerke-Deutsche Werft, will need to cut its workforce by over 1,300 in the course of the next year if it is to survive the present crisis in the shipbuilding industry.

The company, in which the state-owned Salzgitter group holds 75 per cent and the state of Schleswig-Holstein the remainder, confirmed yesterday that it was pushing ahead with plans to close two of its five shipyards before the spring of next year.

The yards to be closed are in Hamburg and Kiel, with the loss of jobs—more than 600 in each city—amounting to almost 10 per cent of the company's workforce of 12,200. The closures were originally part of a three-year restructuring plan, which was announced in 1979 but delayed through disputes with the trades unions involved.

The company, which incurred losses of more than DM 70m ($29m) on Sales of DM 1.25bn in the year ended last September, now says it can delay no longer if jobs are to be protected in the long term.

If it can push through the planned cuts in capacity, the company expects to keep the remaining yards in work for some time.

There has been a surge in orders in the first few months of the current year, including a contract for two submarines from India. The company's order book now stands at DM2.8bn, or 40 per cent higher than at the end of last year.

As a result the company believes orders now in hand are sufficient to keep the remaining yard in Hamburg in work until the second quarter of 1983 and the two Kiel yards right into 1984.

Provided the rationalisation plans go through, the company hopes to be out of the red in the course of the current year.

Varta forecasts setback

BY KEVIN DONE IN FRANKFURT

VARTA of West Germany, one of the leading European battery manufacturers, reports falling profits and weak sales for 1981. Group turnover rose by just 7 per cent to DM 1.629bn.

Varta, in which Quandt family interests hold a majority interest, suffered in particular from the continuing recession in important domestic industrial sectors such as car manufacture.

No details are released of group profitability in 1981, but the company made clear in a letter to shareholders that profits had slipped well below the DM 28.5m after-tax profit achived in 1980.

The main division manufacturing starter batteries achieved only a 4 per cent rise in turnover to DM 708m, and this modest growth was derived solely from a sales expansion in foreign markets.

Share of foreign sales in Varta group turnover—exports and foreign manufacture—rose to 62 per cent from 59 per cent in 1980, helped chiefly by a 13 per cent rise in turnover from Varta foreign-based subsidiaries.

Export sales from West Germany also rose by 12 per cent to DM340m.

Dutch bank cuts dividend

By Charles Batchelor in Amsterdam

NEDERLANDSE Credietbank (NCB) is to cut its 1981 dividend after a fall in profits. Despite a cut in the tax charge, higher provisions for bad debts reduced earnings at the net level.

Net profit fell 12 per cent to Fl 19m on a balance sheet which rose 15 per cent to Fl 15.6bn. NCB proposes cutting its dividend to Fl 3.60 per share from Fl 4.60.

The results of NCB (Deutschland) were fully consolidated for the first time.

Chilean purchase by Banco de Santander

By Robert Graham in Madrid

BANCO DE SANTANDER has taken over the Chilean bank, Banco Espanol-Chile. Santander, one of the big seven Spanish banks, is expected to invest $50m in the Chilean bank.

The takeover involves the merger with Santander's existing Chilean branch and represents the largest foreign purchase to date by a Spanish bank.

Banco Espanol-Chile was founded in 1900 and has long been the bank representing Spanish interests there. Santander sought to purchase the bank last autumn but found problems which delayed the purchase. The bank's difficulties eventually led to intervention by the Chilean authorities and seven financial institutions. The bank has 37 branches and 1,200 employees.

The Spanish banking authorities have yet to give formal approval to the Santander investment, but under new liberalised overseas investment laws no difficulty is foreseen. In the past two years, Spanish banks have begun to diversify abroad, especially in Latin America.

Banco Santander Chile is capitalised at $8m. This is to be added to the new capital of Espanol-Chile and will give the merged bank a total capital of $58m.

KHD sees improvement as orders rise sharply

BY OUR BONN STAFF

FOREIGN sales helped Kloeckner-Humboldt-Deutz, the West German engineering concern, to achieve "satisfactory results" last year despite mounting competition and the poor performance of an Argentinian subsidiary.

In its latest shareholders' letter, KHD, Germany's largest manufacturer of diesel engines and an important producer of process plant and agricultural machinery, reports that group sales rose by 4.4 per cent to DM 4.8bn ($2bn) last year. Parent company turnover increased by 4 per cent to DM 3.9bn.

The main contribution to parent company sales came from the engines division, helped by increased demand from members of the Organisation of Petroleum Exporting Countries. This helped compensate for a fall of DM 170m in deliveries of industrial plant.

The parent company's figures were marked by a substantial increase in new orders, particularly from abroad. Order inflow rose by 34 per cent to DM 4.8bn, of which 70 per cent or DM3.4bn came from overseas, nearly 50 per cent up on the 1980 level of DM 2.3bn.

This trend has continued into the current year, particularly in the industrial plant division, which started 1982 with orders of DM 2.1bn in hand, 95 per cent of them originating abroad. Particularly significant were major orders for cement plants from Iraq and Saudi Arabia. The company expects a "generally better" result for 1982.

Among its subsidiaries, KHD said that the economic crisis in Argentina had severely afflicted its local manufacturer of engines and tractors.

O and K hit by slack demand

BY OUR BONN STAFF

THE SEVERE recession in the West German building industry last year hampered the activities of Orenstein und Koppel, the Dortmund based construction machinery and shipbuilding group. Group sales remained unchanged at 1980's depressed level of DM 1.27bn ($530m), while turnover of the parent company fell by 3 per cent to DM 1bn.

In a preliminary report on 1981, the concern made clear that earnings were badly affected by a collapse in domestic demand for the heavy earth-moving machinery that makes up the bulk of parent company turnover. Domestic sales for the parent company fell by about 24 per cent to DM 425m and this poor result was only partially compensated by a 23 per cent increase in overseas turnover to DM 580m.

Overall, the group increased exports by 16 per cent and as a result export markets now represent two-thirds of total turnover.

However, the group said yesterday that demand for construction machinery had improved towards the end of the year and the parent company's order book started 1982 up 18 per cent at DM 854m.

Earnings were also under pressure from costs which rose partly as a result of the company's efforts to restructure domestic operations. Last year saw a further cut of about 1,000 jobs at the parent company's plants to a total of 7,200.

● Allianz Lebensversicherungs plans to pay an unchanged dividend of DM 9 for 1981 and transfer DM 23m ($9.6m) to reserves. In a letter to shareholders, the insurance group said the outlook for 1982 earnings was positive. Net profit in 1980 was DM 27.4m.

The company is 46 per cent owned by Allianz Versicherungs and 46 per cent by Muenchener Rueckversicherungs - Gesellschaft.

Hongkong and China Gas to pay more

By Our Financial Staff

HONGKONG and China Gas has reported a 14 per cent increase in group net profits for the year ended December to HK$44.67m (US$7.5m) from HK$39.13m a year earlier.

The utility has paid three quarterly dividends of 24 cents each and has declared a final of 48 cents to make a total for the year of HK$1.20 a share.

Mr R. C. Lee, the chairman, has forecast a total dividend of HK$1.32 a share for 1982.

Profit margins contracted last year because of a rapid escalation in costs—and despite a large increase in the number of customers, a substantial rise in equipment sales, and improved demand.

Mr Lee said it was difficult to forecast 1982 profits but a recently proposed tariff adjustment will contribute to a restoration of profit margins

The utility's 1981 revenues were HK$438.5m, up from HK$332.5m in 1980.

● Prima, the major Singapore flour miller has reported a 6 per cent decline in group pre-tax profits for the year ended December to S$17.4m (U.S.$8.3m).

However with a 49 per cent decline in tax, net profit showed a 30 per cent improvement to S$13.05m.

Higher interest charges affect Cullinan Holdings

BY OUR JOHANNESBURG CORRESPONDENT

CULLINAN HOLDINGS, the South African manufacturer of refractories, industrial porcelain, and bricks, was adversely affected by higher interest costs in the six months ended December 31, 1981. First-half operating profit rose to R11.24m (US$11.5m) from R10.97m, but a substantially higher interest charge left pre-tax profit down to R8.13m from R9.51m. First-half turnover rose to R61.5m from R55.4m. For the year ended June 30, 1981 turnover was R121.3m and operating profit R20.7m.

The company said that all divisions recorded satisfactory growth except the refractories division which was hampered by a build-up of export stocks. These will be delivered in the current half and are expected to result in a better performance.

However, difficult steel industry and general economic conditions are affecting the group and it is considered unlikely that current year earnings will reach the 135 cents a share forecast in the last annual report.

Earnings are not expected to fall below the 109.6 cents per share of the last full year, however, and an unchanged interim dividend of 12 cents has been declared despite first-half earnings falling to 48.0 cents from 58.9 cents. The total dividend for 1980-81 was 36 cents.

Downturn at CUSAF

BY OUR JOHANNESBURG CORRESPONDENT

COMMERCIAL UNION Assurance Company of South Africa (CUSAF), the short and long-term insurance company, suffered from substantial higher underwriting losses in 1981 and profit after tax fell from R3.1m to R2.79m ($2.85m).

In the general insurance side of the business net written premiums rose to R45.1m from R38.4m. However, the underwriting loss increased to R3.93m from R625,000. In line with its competitors, the company was affected by intense competition in the motor insurance sector, bad claims experiences, and fast-rising costs of motor repairs.

The dividend total has been increased to 25 cents from 24 cents although earnings fell to 34.9 cents a share from 38.8 cents. CUSAF is 45 per cent-owned by Commercial Union of the UK and 30 per cent by Gold Fields of South Africa.

Strong advance for Toyota South Africa

By Our Johannesburg Correspondent

TOYOTA SOUTH Africa, the country's largest motor vehicle manufacturer, increased operating income to R72m ($37.5m) in the year to December 31 from R39.3m in 1980. The introduction of Lifo (last in first out) accounting methods for the first time meant, however, that pre-tax profit only rose to R53.1m from R38.5m.

The company, a subsidiary of the largest Japanese vehicle maker, says that the R19m Lifo charge far exceeded earlier expectations and is a reflection of the significant adverse movement in the value of the rand and its effect on current costs of production.

The significantly improved operating profit reflects a 12.1 per cent growth in the motor vehicle market over 1980. In addition, Toyota South Africa's market penetration increased to 20 per cent from 16.2 per cent.

The board is cautious about prospects for 1982 and offers no estimates of sales or profit. However, motor industry analysts are unanimous that sales will be lower than in 1982 as new vehicle buyers are affected by higher finance charges and sales tax.

A total dividend of 115 cents has been declared from earnings of 797.8 cents a share. In 1980 earnings were 598.3 cents a share and the dividend totalled 85 cents.

ISRAELI NEWS

Koor sees increase in exports to $530m

BY L. DANIEL IN TEL AVIV

KOOR, the industrial holding company of the Israeli Labour Federation and a barometer for the country's manufacturing sector, is forecasting a substantial increase in its affiliates' exports.

It expects their exports to reach US$530m this year compared with $450m last year and $392m in 1980. The group accounts for 12 per cent of Israel's industrial exports.

The best performance among Koor's more than 100 plants are likely to be those in electronics and electrical equipment. Koor expects them to lift exports to $188m from $157m last year.

Koor companies' capital spending will increase by 50 per cent this year to $150m with $60m of it going to electronics and $36m to chemicals.

The forecasts cover only those companies in which the holding company has a stake of 50 per cent or more. Koor reported a 153 per cent increase in its sales in nominal terms, or 7.5 per cent in real terms, to Sh 18bn ($1.1bn) for the year ended December.

* * *

ELRON ELECTRONICS lifted its net profits to $3.3m in the nine months ended December from $290,000 a year earlier. The rise reflected the return to the black of its 69 per cent owned subsidiary Elbit Computers and increased earnings at its 34 per cent owned affiliate Elscint which makes medical diagnostic equipment.

* * *

ELCO, Israel's largest producer of transformers, has reported a 26 per cent increase in real terms in its turnover for the six months ended September to Sh 217m ($13m).

Net profits rose by 22 per cent in real terms to Sh 8.3m and exports tripled to $2.9m.

* * *

ETZ Lavud, one of the country's most diversified industrial companies, has reported net income for the nine months ended December of $4.7m compared with $1.98m a year earlier.

INTERNATIONAL COMPANIES and FINANCE

Danish bank shows rise and plans scrip

By Hilary Barnes in Copenhagen

PRIVATBANKEN, one of the big three commercial banks in Denmark, reports a sharp rise in profits for 1981 despite heavy provisions for bad debts.

Net profits increased to DKr 242m ($30m) from DKr 191m, and the bank proposes a one-for-10 scrip issue. Bad debt provisions totalled DKr 251m, against DKr 129m.

The bank describes the result as satisfactory in the light of the difficult trading conditions faced. For the current year a further improvement in profits is forecast.

The bank expects bad debt experience to taper off, and foreign profits to show a rise, it says. Last year the international side was largely responsible for the 14 per cent increase in total lending.

Domestic advances increased by 4.8 per cent to DKr 10.2bn and total advances amounted to DKr 18.5bn. Deposits increased by 16.4 per cent to DKr 28.7bn. The bank's balance sheet total expanded by 16.5 per cent to DKr 38.1bn.

Last autumn when reporting a modest rise in six-month operating profits, Privatbanken said it expected its results for 1981 as a whole to be broadly unchanged.

Growth from new drugs at Kyowa Hakko Kogyo

BY YOKO SHIBATA IN TOKYO

KYOWA HAKKO KOGYO, the Japanese manufacturer of foods, chemicals and pharmaceutical products and which is noted for gene engineering using fermentation technology, has reported favourable earnings for the fiscal year ended December.

Kyowa Hakko's unconsolidated full year operating profits rose by 10.2 per cent to Y9.48bn ($40m). Full year net profits advanced by 32.4 per cent to Y4.19bn, on sales of Y206.47bn ($880m), up 2.6 per cent over the previous year. Profits per share moved up to Y15.45, from Y12.40.

Sound growth was achieved by the company's drug division where sales rose by 15.6 per cent to account for 35 per cent of the total following strong sales of some promising new drugs.

Sales by the liquor division which includes VAT 69 Scotch whisky in its range, advanced by 7.8 per cent to account for 12 per cent of the total because of good wine sales. Food sales increased by 5.5 per cent to account for 21 per cent of the total. These favourable trends offset the setback in the chemical division sales of which fell by 10 per cent to account for 35 per cent of the total.

For the current fiscal year Kyowa Hakko expects sales to reach Y220bn, up 6.5 per cent over 1981, thanks to a strong contribution from newly introduced drugs. Operating profits and net profits for the current full fiscal year are projected at Y11bn (up 16 per cent) and Y4.5bn (up 7.3 per cent) respectively).

Higher prices lift Teikoku Oil

BY OUR TOKYO STAFF

TEIKOKU OIL, the Japanese oil company which is particularly active in overseas exploration and development, lifted unconsolidated operating profits by 41.4 per cent to Y13.5bn ($57.5m) in the fiscal year ended December 31.

Revenues advanced by 15.3 per cent to Y45.49bn because of higher oil and natural gas prices. Net profits advanced by only 6.7 per cent to Y5.6bn because of increased reserves for currency fluctuations.

Sales of natural gas rose by 17.1 jer cent to account for 45.7 per cent of the total turnover. Sales of oil products grew by 13.6 per cent to account for 47.7 per cent of the total, crude oil sales advanced by 14.6 per cent to account for 2.9 per cent, but liquefied petroleum gas sales fell by 4.6 per cent to account for only 1 per cent.

Higher selling prices of natural gas and increased dividend incomes from the overseas subsidiary contributed to the jump in earnings.

For the current fiscal year, the company expects a slight increase in volume sales of natural gas. Selling prices are expected to rise by 25 per cent on average, lifting full year revenues by 11 per cent to Y50.67bn. Operating profits are forecast at Y13.71bn, up 30 per cent over 1981.

Expansion policy pays off for Boral

By Graeme Johnson in Sydney

A POLICY of continued expansion and acquisition has helped Boral, the major construction and energy conglomerate, to lift profits for the half year to December by 12.2 per cent from A$22.1m to A$24.8m (U.S.$26.6m). Turnover rose by 24.3 per cent from A$290.4m to A$361.1m.

Despite lower profits in some of the groups operations, the directors expect overall earnings will improve in the current half. The interim dividend has been increased from 6.25 cents to 7.5 cents a share.

The company benefitted in the half year from a maiden contribution from the recently-acquired Adelaide-based Quarry Industries group, a better performance from the growing energy division, and a bouyant domestic building and construction market.

The advance in earnings was, however, tempered by a 56.8 per cent jump in interest payments from A$5.5m to A$8.6m. Depreciation rose by 44.4 per cent from A$8.7m to A$12.5m, much of which related to the energy division.

The directors said strong price competition for premixed concrete, a reduced market for road surfacing, competition in export markets and from imported products, and higher wage costs had affected earnings. They also said the company's U.S. operations were hit by lower demand for housing and construction materials.

Mercantile Mutual ahead at halfway

By Our Sydney Correspondent

A JUMP in underwriting losses to A$17.3m (U.S.$18.6m) failed to hold back interim earnings of Mercantile Mutual Holdings, which rose from A$565,000 to A$2.45m in the six months to end-December. Directors of the insurance group are optimistic and forecast a better second half with profits for the full year in excess of the A$5.72m achieved in 1981.

Mercantile's revenue in the first half actually fell by almost 3 per cent from A$57.43m to A$55.87m. Investment income rose from A$12.78m to A$20m.

The group will pay a steady interim dividend of 9 cents a share covered by earnings per share of 15.1 cents, up from 3.5 cents.

The underwriting loss of A$17.3m on general insurance operations compares with a first half loss of A$12.69m in 1980-81 and A$31.17m in the full year.

"It is expected that the results for the current year will show an improvement. This is largely because of the deliberate discarding of unprofitable business and an increase in premium rates," the directors said.

Advance in group results at Toyo Kogyo and Isuzu

BY OUR FINANCIAL STAFF

TOYO KOGYO and Isuzu Motors, two of Japan's vehicle makers, have turned in consolidated results for the year ended October 31 similar to parent company figures reported earlier.

Toyo Kogyo, maker of Mazda cars and trucks, in which Ford Motor of the U.S. has a 25 per cent stake, lifted consolidated net profits by 8.1 per cent to Y20.75bn ($88.3m) on sales ahead 12.2 per cent to Y1,211bn ($5.15bn). Parent company net profit was up 26.5 per cent to Y19.9bn on sales ahead by 12.8 per cent to Y1,163bn.

Toyo Kogyo said considerable currency fluctuations hit its consolidated earnings but it did not give any details.

Despite sluggish domestic demand as well as export restrictions in the U.S. and some European markets, the company was able to boost sales with a shift in exports to other areas.

Isuzu, the country's third largest truck maker, in which General Motors of the U.S. has a 34 per cent stake, lifted consolidated net profits by 68 per cent to Y8.06bn on sales ahead by 7.6 per cent to Y754.34bn.

Parent company net was up 72 per cent to Y8.51bn on sales up by 5.8 per cent to Y727.41bn. Isuzu increased its exports by 23 per cent to account for 42 per cent of total sales.

Sime Darby buys stake in Crest Engineering unit

BY WONG SULONG IN KUALA LUMPUR

SIME DARBY, Malaysia's biggest public company, has purchased a 60 per cent stake in CE Crest Engineering Malaysia, a subsidiary of the U.S. based Crest Engineering, itself a subsidiary of Combustion Engineering.

The purchase price was not disclosed. The company will be renamed Sime Crest. CE Crest began operations in Malaysia in 1978 and provides engineering, project and construction management services to oil companies.

It currently services Petronas Caragali, Esso, Shell and the Sabah state government.

The new Sime Crest joint-venture will operate in Malaysia, Singapore, Brunei and other parts of South-East Asia as agreed by the partners.

Tunku Ahmad Yahya, Sime's joint chief executive, said the joint venture will enable Sime to seek opportunities in the expanding oil and natural gas industry in South-East Asia.

NEW PRODUCER TO SUPPLY IBM

Robots boost Sankyo Seiki

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

SANKYO SEIKI Manufacturing, the Japanese company chosen by IBM to supply it with industrial assembly robots for marketing in the U.S. under IBM's own brand name, has been in the robot business for just under one year.

The company announced its SKILAM robot series in April last year as part of a diversification from traditional product lines. Current production of SKILAMs is running at about 50 units per month but Sankyo says it should be producing 200 units per month by the end of 1982. By that time the company will be exporting to France (under its own name) as well as to IBM.

Sankyo Seiki was founded in 1946 by Mr Masahiko Yamada, its present chairman, to manufacture music box movements, and still holds a dominant 73 per cent share of the world market for this product. In the 1970s Sankyo diversified into numerous other fields including tape recorders and electric components of various kinds, but the tape recorder division began to chalk up heavy losses from 1978 onwards and had to be phased out.

Since 1980 Sankyo Seiki has bounced back into profitability and rapid growth with a range of products which include magnetic card reading devices (for automatic cash tellers), micro motors for video tape recorders and, most recently, robots.

Sankyo was asked last autumn to supply samples of its SKILAM robot (the name is a telescoped version of Skill Arm) to IBM for testing. Early this year agreement was reached on an OEM (original equipment manufacture) contract.

The robots, to be called the IBM 7535, will be programmed by IBM's personal computer launched last August. The configuration required, which will programme any number of robots, will cost $5,575.

IBM plans to offer discounts of up to 15 per cent for large purchases of the robot which will have a list price of $28,500.

Although a robot maker for less than one year Sankyo Seiki claims around 30 years experience in the manufacture of assembly machines and devices as well as in machine tools. This section of Sankyo's business at the moment accounts for about 13 per cent of turnover but should rapidly increase its share now that robots are taking off. The SKILAM is designed for use in the motor and consumer electronics industries and for other varieties of consumer goods assembly operations.

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WORLD STOCK MARKETS

Dow 1.8 easier at mid-session

AFTER A modest opening technical recovery, Wall Street turned easier again in fairly heavy early dealings, reflecting fresh investor concern about the U.S. economy and interest rates.

The Dow Jones Industrial Average rallied about three points before receding to 822.58 at 1 pm, off 1.81 on balance. The NYSE All Common Index was a net 29 cents lower at $65.04, after hardening to $65.43, while declines led gains by a seven-to-six margin at mid-session. Trading volume amounted to 37.29m shares, 7.10m above last Friday's 1 pm figure.

Analysts said stocks were under new pressure from the 0.6 per cent fall in the leading economic indicators in January. It marked the ninth consecutive monthly decline in the index, which is designed to predict future trends in the economy.

The $1.2bn gain in the M1 measure of the money supply announced late last Friday, which analysts said could mean continued upward pressure on interest rates, also depressed sentiment.

Several private economists have predicted that the economic recovery may not start this spring, as projected by the Administration, due to presistent high interest rates.

Energy stocks were among the weaer issues as investors conktinued to worry about the world oil glut. Industry sources said that although Saudi Arabia's oil output dropped last month, it was not enough to tighten the world market.

THE AMERICAN SE Market Value Index was down 0.89 at 265.24 at 1 pm. Volume 2.45m shares.

Canada

Marets were mikxed after light trading at mid-day, with the Toronto Composite Index a slight 0.7 off at 1,670.6. Golds slipped 12.6 to 2,441.7, while the Oil and Gas index was barely changed at 2,801.8.

Closing Prices for North America were not available for this edition.

Tokyo

A U.S. magazine report predicting a depression in America sent the Tokyo market into a further steep slide yesterday afternoon, with many Blue Chips meeting fresh heavy selling pressure. However, overall *market trading volume was only* moderate.

The Nikkei-Dow Jones Average, which had been falling sharply for the past five trading days, including a drop of 108.05 in a half-day session on Saturday, weakened 113.02 more to 7,327.44. Yesterday's fall was the largest since plummeting 154.77 on October 19 last year. The Average is at its lowest point since closing at 7,321.98 on October 28 last year and has dropped a total of 431 points in the last six business days.

Initially yesterday, the market picked up on bargain hunting, the Nikkei-Dow Average arriving 18 points, but the U.S. magazine report became known about lunch-time, triggering the fresh share selling.

The Tokyo SE index, 5.77 weaker on Saturday, dipped a further 6.24 to 547.91, while volume came to 240m shares, against Friday's 360m and the short Saturday session total of 270m.

The downturn may well continue, traders predicted. "I do not see anything that can revive the market right now," one added.

Foreign selling has been increasing with the yen's fall in the Foreign Exchange market, while confidence among foreign investors in Japan's economic fundamentals appears to have started wavering because of a recent slowdown in exports and the present painfully slow economic recovery, according to traders. Current trade frictions with U.S. and Europe has been another major depressant of late for the Tokyo stock market.

Traders were anxious to see how Wall Street would fare on reopening for the week. They were not optimistic, however, remembering last Friday's announcement of an increase in U.S. money supply that spawned speculation for an interest rate updrift.

Sony lost Y130 to Y3,020, **Victor Japan** Y100 to Y2,390, **Fuji Photo** Y80 to Y1,230, **Kawasaki Steel** Y3 to Y147, **Hitachi** Y18 to Y630, **Kawasaki Heavy** Y6 to Y192, **Canon** Y17 to Y854, **Honda Motor** Y16 to Y670, **Nissan Motor** Y12 to Y778, **Sharp** Y31 to Y750, **TDK** Y250 to Y3,360 and **Toshiba** Y12 to Y336.

Germany

Bourse prices mostly closed *higher on balance after a* weaker start in response to foreign buying. The Commerzbank index, however, which is based on prices well before the close, lost 1.8 at 700.9.

Deutsche Babcock rose DM 3 to DM 212, helped by the increased dividend, while elsewhere in Machine Manufacturers, **GHH** and **KHD** gained DM 2 apiece.

Prices for West German Domestic Bond issues were mixed in light trading, with investors uncertain due to developments in U.S. interest rates.

Paris

Stocks were easier-inclined after fairly active trading.

Closing prices were once again delayed for 15 minutes to enable traders to handle the heavy inflow of small orders for rights to stock of the nationalised corporations and Banks.

Market analysts said the abrupt firmness of the dollar yesterday morning had unsettled investors, while the poor French trade figures for January had also dampened sentiment. They noted that the market hadn't responded to a quarter-point cut in the Call Money rate to 14 per cent.

Hong Kong

Shares generally retreated in further low volume to leave the Hang Seng index 33.90 lower at 1,237.61.

Turnover on the four exchanges totalled HK$131.47m, similar to last Friday's *HK$133.97m.*

Brokers cited a range of factors for the gloomy performance, including high interest rates, a fall in the local currency against the U.S. dollar after Friday's news of a rise in the U.S. money supply, the weak property market, recession in the West and lower Hong Kong January trade figures.

"Longer-term prospects are still pretty good, but short-term, which is all the market is looking at now, things are very bad," commented an analyst.

Several brokers said that they couldn't say where the market's floor was any longer. They added that the generally strong 1981 profits major companies are likely to be reporting in the next few weeks would do little more than underpin and steady the market.

Australia

Resource stocks bore the brunt of losses as markets returned to the weaker trend of recent weeks after the brief respite at the end of last week.

The All Ordinaries index shed 3.2 to 487.6, a new low point since its introduction at the start of 1980. The Oil and Gas index slipped 7.0 to 441.5 and Metals and Minerals 5.1 to 350.0.

Depressed Overseas Exchanges *before the weekend and cheaper* prices on the Bullion Exchanges squashed any hopes that the better tone on Australian stock markets last Friday could be sustained. Also, the rise in U.S. money supply, announced on Friday, had fuelled fears of higher U.S. interest rates.

Johannesburg

A further widespread decline occured in moderate activity.

Golds were easier in line with the Bullion price. Randfontein lost 165 cents to R55.35.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

Indices

NEW YORK —DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

NEW YORK ACTIVE STOCKS

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

ITALY

NORWAY

SPAIN

SWEDEN

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices.

COMMODITIES AND AGRICULTURE

Tin market remains confused

BY JOHN EDWARDS, COMMODITIES EDITOR

CASH TIN prices fell again on the London Metal Exchange yesterday, in spite of a rally in the Penang market over the weekend. But the three months quotation was slightly firmer with sustained buying interest believed to be coming from the buffer stock of the International Tin Council. Three months tin closed £40 up at £7,235 a tonne, while the cash price was £105 lower at £7,035.

There was the biggest ever rise in stocks held in LME warehouses last week; total holdings jumped by 7,745 tonnes increasing the tota to a peak level of 28,040 tonnes.

However, traders took the view that the stocks rise only represented past happenings and that there could well be an outflow in the weeks again as metal "borrowed" to meet temporary short positions was returned to its original owners. Merchants, for example, are believed to have borrowed surplus stocks from consumers, who were keen to sell at the previous high prices while retaining adequate stock cover.

The recovery in the Penang market over the weekend, where the Straits tin price gained 40 cents to $M29.60 a kilo, was atributed to buffer stock buying. In spite of the increase, the price remains in the lower price range of the International Tin Agreement ($M29.15 to $M32.06 a kilo) where the buffer stock has to be a net buyer to ensure the market does not fall below the "must buy" bottom level of $M29.15.

Among the sellers on the London market yesterday was the dealer, most prominent in acting on behalf of the unidentified group whose withdrawal from buying triggered off the collapse in tin prices last week. Nevertheless, traders are very uncertain about whether the group has decided to abandon its support programme entirely, is merely changing its tactics prior to boosting prices again when the buffer stock has removed some of the surplus stocks off the market.

If the producers can force an increase in the International Tin Agreement's price range at the forthcoming Tin Council meeting, the buffer stock holdings could only be released at considerably higher price levels.

On the other hand, if the existing Tin Agreement is not renewed when it expires in June, then the buffer stock holdings would have to be returned to the main donors—the producing countries—and there would be a market free-for-all.

The three main producing countries—Malaysia, Indonesia and Thailand—are planning to meet in May after the deadline for ratification of the new International Tin Agreement has expired.

Reuter reported from Santiago yesterday that Chile had rejected a Peruvian proposal for an agreement between the two countries aimed at boosting copper prices. The Chileans clearly thought the idea would not work, although there is growing concern at the very low level of copper prices which has resulted in a series of U.S. production cutbacks.

Prices were easier again yesterday in spite of a threatened "indefinite" strike at the Cuajone mine in Peru, and rumours of a planned output cut by Kennecott. Further U.S. copper producer price cuts, the failure of Kennecott to make any announcement and the fall in gold persuaded London to follow the recent downward trend in New York where prices hit life of contract lows on Friday.

Confirmation of U.S. producer price cuts also depressed the lead and zinc markets; so did news that Tara Mines had resumed production although no date has yet been set for the start of deliveries.

A threatened strike at Kennecott's Ozark lead plant in Missouri was averted by a settlement of new labour contracts over the weekend.

Aluminium stocks continued their inexorable rise gaining another 4,175 to a total of 180,375 tonnes. Copper stocks increased by 2,025 to 124,825. Lead stocks fell by 175 to 64,125 tonnes; zinc by 125 to 62,575 and nickel by 12 to 1,722 tonnes. LME silver holdings were unchanged at 31,540,000 ounces.

Japan may market surplus U.S. grains

TOKYO—In response to U.S. demands that it import farm products the Japanese government is considering financing Third World countries to buy grain from the U.S., a leading Japanese daily reported yesterday.

Under the plan of the Ministry of Agriculture, Forestry and Fisheries, the Asahi Shimbun reported, Japan will buy grain from the U.S. and resell it on a deferred payment basis to developing nations which have food shortages but cannot afford to import on their own.

The ministry has noted the growing grain stocks in the U.S. due to last year's bumper harvest, the difficulty in selling to the Soviet Union because of economic sanctions over the Afghan and Polish crises, and the slumping demand for grain in advanced countries.

The U.S. has been pressing Japan to open up its markets to U.S. farm products, particularly beef and oranges.

TROPICAL HARDWOOD

Indonesia tightens log export curbs

BY RICHARD COWPER IN JAKARTA

INDONESIA, until recently the world's largest exporter of tropical hardwood logs, has announced its intention to halt all log exports by 1985. The Government has also introduced new regulations which are designed to speed up even further the industry's transformation from the world's top South Sea log exporter to the world's largest exporter of plywood.

According to an announcement by a senior official from the Department of Industry the new regulations, which take effect from the beginning of next month, will effectively limit this year's log exports to 4m cubic metres, down 35 per cent on last year's exports of 6.2m cubic metres.

Mr Kudiarso Hadinoto, the director-general for miscellaneous industries, said yesterday that the aim was to reduce log exports to 3m cubic metres by 1983, 1.5m cubic metres by 1984 and to eliminate them altogether by 1985.

The move comes in spite of the fact that more than 20 per cent of the nation's 500 or so timber concession holders have gone out of business in the last 18 months because of the government's refusal to allow them to export logs. It also comes at a time when Indonesia is running into balance of payments difficulties, largely because of last year's alarming 25 per cent decrease in non-oil and gas exports. Much of this decline in 1981 was due to previous timber regulations limiting the export of logs.

In 1979, Indonesia was by far the world's largest exporter of tropical hardwood logs, selling 18m cubic metres on the world market, and earning almost $2bn in foreign exchange. But a series of new regulations aimed at forcing timber concessionaires to set up sawmills and plywood mills have sharply reduced Indonesia's log exports over the last two years. In 1981 Indonesia fell well behind Malaysia as a log exporter and sold just 6.2m cubic metres on the world market—a drop of 66 per cent in volume in just two years. At the same time earnings declined from $1.9bn in 1979 to just under $1bn last year.

Indonesia has now made it clear that it will step up the pressure even further in its bid to become the world's top plywood exporter by 1985. The new regulation, which came into force yesterday, states that all plywood and sawmill factories currently in operation will no longer be allowed to export logs.

The previous decree also issued jointly by four directors general from the Department of Trade, Industry and Forestry, prohibited all concessionaires which did not have a plywood mill in operation or which did not have a licence to set up a mill, from exporting logs at all. But now even those with mills in operation will no longer be allowed to export logs.

In spite of the distress the new regulations have caused to the smooth running of Indonesia's timber industry, there are now clear signs that the policy is beginning to work. In May last year Indonesia had 34 plywood mills in operation and by last month this had increased to 45 with another 47 now currently under construction. Figures released this week show that Indonesia's plywood exports jumped from 244,000 cubic metres in 1980 to 570,000 cubic metres last year, a rise of 134 per cent. Exports of veneer jumped even more dramatically to 166,785 cubic metres from just 37,697 cubic metres in 1980—an increase of well over 300 per cent.

Some Indonesian timber experts however are less than optimistic for the future. They say that total demand for plywood has declined because of recession and the increasing use of substitutes, and they have some doubts as to whether the market will absorb production from the 90 or so mills Indonseia plans to have fully operational by 1985. They also point to the fact that East Malaysia has been increasing its exports of raw logs to Japan, Korea and Taiwan, traditionally the world's three largest plywood exporters. East Malaysia log exports hit a record 16m cubic metres last year.

Cuban sugar exports up

CUBAN sugar exports for the first nine months of 1981 rose to 5.70m tonnes from 5.58m tonnes in the same 1980 period, according to figures released by the International Sugar Organisation (ISO) yesterday.

Cuban production was 6.70m tonnes against 6.12m in January/September 1980.

The Soviet Union took 3.03m tonnes of the January/September exports compared with 2.71m a year earlier. Shipments to China declined to 374,386 tonnes from 443,813.

Sugar exporting countries not favoured by the U.S. Generalised System of Preferences (GSP) face a struggle for shares of a shrinking U.S. import market, London trading house E. D and F. Man said in its latest sugar situation bulletin.

The proposed addition of new Caribbean basin shippers, excluding Cuba, to the list of preferred origins, mean that by next year over two-thirds of U.S. import requirements will be covered by GSP countries, Man said.

Man estimated U.S. sugar imports next year would not exceed 3.2m tonnes.

Reuter

Jamaica signs U.S. bauxite deal

BY CANUTE JAMES IN KINGSTON

JAMAICA AND the U.S. have signed an agreement for 1.6m tonnes of bauxite for the U.S. strategic mineral stockpile.

The ore will be mined between March and Steptember by the Reynolds and Kaiser Subsidiaries here, and the sale will bring the island $52m.

The sale will come at an opportune moment for the island's bauxite industry. Three of the four North American owned refineries have just reopened after a series of strikes, and industry analysts here say output this year, with the stockpile sale, will be about 9.9m tonnes. This is about 25 per cent below last year's output. The full effect of cutbacks imposed by the companies because of weak demand for aluminium, will be felt this year.

Mr Edward Seaga, the Jamaican Prime Minister and Mining Minister, said that the two contracts, signed with the General Services Administration and the Department of Agricultures Commodity Credit Corporation, will bring the island $39m in cash, with the rest being paid in the form of a barter for non-fat dry milk and anhydrous milk fats.

Mr Seaga later told the executive board of the Aluminium Association, which is meeting in Jamaica, that the companies operating here should stop asking for a reduction in the controversial production levy, and instead try to make the island's bauxite mining and refining operations more competitive.

The companies have been arguing for a reduction in the rate of the levy, which is indexed on the price of ingot on the American metal market. It is the strongest government rejection of their requests since Mr Seaga's administration took office 16 months ago.

The Prime Minister offered, however, to review the levy if the companies were to expand their present operations and make new investments in the island. The industry has been reluctant to consider new investments in the island because of the high cost of energy. They have also claimed that the levy significantly increases their operating costs.

Platinum rise forecast

BY JOHN WICKS IN ZURICH

SHARP PRICE increases for platinum are possible when demand starts to rise, according to a study published by Credit Suisse. Although the market has been suffering from very weak prices, the bank claims the metal "seems to offer certain speculative opportunities."

Demand for platinum is said to have remained satisfactory from the jewellery sector, but industrial users—particularly in the car industry—have been holding back with their orders.

Credit Suisse believes, however, that a strengthening in the economy would soon mean a supply shortage, in view of the low stocks level.

The situation for palladium is similar, says the bank. Since reaching its lowest price level in three years, the metal is claimed to have shown "considerable resistance" to bearish conditions and been able to book a slight improvement in price in the first weeks of 1982.

Norwich Union in shopping plan

NORWICH UNION Insurance has applied for outline planning consent to provide a 350,000 sq ft (gross) shopping scheme for the Cox Lane area of Ipswich. The application follows the decision, in July 1981, by the Borough of Ipswich to nominate Norwich Union as its partner for the £25m Cox Lane redevelopment scheme. Norwich Union is to provide the finances.

The scheme shows a pedestrian shopping centre and includes a department store (90,000 sq ft) two new variety stores (65,000 sq ft and 48,000 sq ft), an extension (42,000 sq ft) to the Ipswich Co-operative Society's department store incorporating a new food hall, plus about 750 parking spaces. Norwich Union is negotiating with freeholders to acquire parts of the site. F. W. Woolworth and Company and the Ipswich Co-operative Society, owners of large parts of the site, support the proposed scheme.

Malaysian palm oil refiners seek aid

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN palm oil refining industry has called on the government to take quick action to relieve the industry from a "growing crisis." A delegation from the Malaysian Palm Oil Refiners Association met Datuk Paul Leong, the Primary Industries Minister, yesterday urging the government to find new sources of crude palm oil, more tax incentives and a freeze in licences for new refineries to help the industry.

For the past year, Malaysian refiners have been hit by the weak demand for refined palm oil overseas and excess capacity of existing refineries so that even the most efficient mills are working grossly under capacity and are just breaking even.

A year ago, there were about 50 palm oil refineries in operation with a capacity of over 3m tonnes while Malaysian crude palm oil output was only 2.7m tonnes.

Since then, 17 of the smaller mills and those without their own estates to supply them with fruits, have closed down.

Datuk Leong said his ministry, in co-operation with the finance and industry ministries, would present a paper to the cabinet soon recommending reliefs for the refiners.

He said the Government was studying the feasibility of allowing crude palm oil from East Malaysia and Indonesia to West Malaysia without tax to help the refiners.

On Thursday, Datuk Leong will lead a palm oil delegation to India to help consolidate the Indian market, which has become a crucial market for Malaysia in the face of world recession and strong competition from other edible oils.

Within five years, India has emerged the biggest customer of Malaysian palm oil, taking 400,000 tonnes or 17 per cent of Malaysian output last year.

BRITISH COMMODITY MARKETS

BASE METALS

Base metals were easier on the London Metal Exchange by the fall in gold and gloomy U.S. outlook. Reorted buffer stock buying steadied three months tin but cash fell on the big stocks rise. Copper recovered on the late kerb to £883, after a low of £875. Lead closed at £333; zinc at £436; aluminium £604.5 and nickel £3,170.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrde				
Cash	845.5-6	-10.5	852-.5	-5.25
3 mths	875-.5	-7.5	881.5-2	-3
Settlem't	846	-10.5	—	......
Cathodes				
Cash	845-.5	-9.5	849-51	-3.5
3 months	871-2	-9.25	877-9	-2.25
Settlem't	845.5	-9.5	—	......
U.S. Prod	—	......	*78.5-82	......

Amalgamated Metal Trading reported that in the morning higher grade cash copper traded at £845.50, 46.00; three months £879.00, 78.00, 78.00, 77.00, 76.00, 75.50, 75.00, 75.50, 76.00, 75.50, 75.00. Cathodes: Cash £845.00, 45.50; three months untraded. Kerb: Higher grade three months £87.00, 75.50, 76.00, 77.00, 75.50. Afternoon: Higher grade three months £881.00 80.50, 81.00, 81.50, 82.00, 81.50. Cathodes: Untraded. Kerb: Higher grade three months £881.50, 82.00, 82.50, 83.00. Turnover: 31,200.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7030-40	-110	7030-40	-105
3 months	7145-50	+2.5	7230-40	+40
Settlem't	7040	-110	—	......
Standard				
Cash	7030-40	-110	7030-40	-105
3 months	7145-50	+2.5	7230-40	+40
Settlem't	7040	-110	—	......
Straits E.	£829.60	+0.45	—	......
New York	—	......		

Tin—Morning: Standard cash £7170, 50, 20; three months £180, 90, 80, 50, 40, 30, 50. High grade untraded. Kerb: Standard three months £7160, 7170. Afternoon: Standard cash £7050; three months £7180, 50, 60, 70, 7230, 50, 40. Kerb: Standard, three months £7220, 10, 20, 25, 30, 40, 45, 35, 30, 25. Turnover: 3,545.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	320.5-1.5	-7.25	321.5-2.5	-2.5
3 months	331.5-2	-7	332-3	-2.75
Settlem't	321.5	-7	—	......
U.S. Spot	—	......	*28	......

Lead—Morning: Cash £320.50, 21.00, 21.50, 21.00; Three months £331.00, 30.50, 31.00, 31.50, 31.00. Kerb: Three months £331.00. Afternoon: Three months £332.00, 32.50, 33.00, 34.00, 33.50, 33.00, 32.50. Kerb: Three months £333.00, 33.50. Turnover: 10,875.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	425.5-6	-5.87	426.5-7.5	-3.75
3 months	433.5-4	-5.75	434-.5	-4.5
S'ment	426	-5.25	—	—
Primw'ts	—	......	*42.75-3.75	—

Zinc—Morning: Three months £433.00, 33.50. Kerb: Three months £433.00, 33.50. Afternoon: Three months £435.00, 34.50. Kerb: Three months £434.00, 35.00, 36.00. Turnover: 7125.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	580-1	-2.75	581.5-2.5	—
3 months	603-.5	-1.25	604.5-5	+1.25

Aluminium—Morning: Three months 602.00, 03.00. Kerb: Three months £604.00. Afternoon: Three months £604.00, 04.50, 05.00. Kerb: Three months £604.00, 04.50. Turnover: 5,500.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3140-5	-20	3150-60	-12.5
3 months	3165-70	-15	3185-90	-12.5

Nickel—Morning: Three months £3180, 70, 55. Kerb: Nil. Afternoon: Three months £3,170. Kerb: Three months £3160. Turnover: 1208.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close.

SILVER

Silver was fixed 6.4p an ounce lower for spot delivery in the London bullion market yesterday at 425.2p. U.S. cent equivalents of the fixing levels were: spot 774.1c, down 9.9c; three-month 802.7c, down 9c; six-month 832.1c, down 7.8c; and 12-month 882.3c, down 8.3c. The metal opened at 424-428p (768-773c) and closed at 428-432p (781-786c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	425.20p	-6.40	429.5p	-1
3 months	439.40p	-6.35	444.25p	-0.05
6 months	454.10p	-5.45	—	......
12 months	484.30p	-5.95	—	......

LME—Turnover 136 (93) lots of 10,000 ozs. Morning: Cash 426.0; three months 441.0, 40.5, 40.0, 40.5, 41.0, 40.0, 40.2, 40.0. Kerb: Three months 439.5, 440.0. Afternoon: Three months 444.0, 44.5, 44.0. Kerb: Three months 444.0.

COCOA

Despite further sterling weakness against the dollar prices lost ground in dull trading conditions. Spot March declined as 28,440m tonnes were tendered. First hand sellers remained withdrawn and industry buyers showed little interest, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	1176-78	-18.0	1192-70
May	1141-42	-11.5	1148-39
July	1160-61	-9.5	1165-58
Sept	1174-75	-10.0	1176-72
Dec	1192-93	-7.0	1192-89
March	1209-18	-3.5	—
May	1218-35	-3.0	—

Sales: 1,547 (1,734) lots of 10 tonnes.

ICCO—Daily price fob March 1: 92.59 (94.06). Indicator price for March 2: 94.12 (95.11).

COFFEE

Long liquidation in quiet conditions prompted a weaker than expected opening, reports Drexel Burnham Lambert. Continued pressure was slowly absorbed and fresh support influenced a minor recovery in light volume.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	1286-88	+5.5	1288-56
May	1186-87	-5.0	1289-70
July	1243-44	+0.5	1245-32
Sept	1224-25	+1.5	1224-10
Nov	1204-07	-2.0	1198-98
January	1195-1205	+1.5	—
March	1185-95	+5.0	—

Sales: 2,734 (3,200) lots of 5 tonnes. ICO indicator prices for February 25 (U.S. cents per pound): Comp. daily 1979 134.36 (134.37); 15-day average 135.3 (135.75).

GAS OIL FUTURES

Month	Yesterday's close	+ or —	Business Done
	$ U.S. per tonne		
March	267.50	[illegible]	[illegible]
April	249.50	[illegible]	[illegible]
May	249.50	[illegible]	[illegible]
June	250.75	[illegible]	[illegible]
July	252.50	[illegible]	[illegible]
August	253.00	[illegible]	[illegible]
Sept	255.00	[illegible]	[illegible]
Oct	258.00	[illegible]	[illegible]
Nov	264.00	[illegible]	[illegible]

GRAINS

The market opened slightly higher, apart from new crop barley which was unchanged. Keen shipper buying firmed old crops. Commercial and speculative buying of new crops kept them steady, Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Mar..	110.70	+0.60	106.75	+0.65
May..	114.80	+0.40	110.85	+0.50
July..	118.60	+0.45	—	—
Sept..	106.70	+0.50	102.30	+0.05
Nov..	110.30	+0.15	106.10	+0.10
Jan..	114.20	+0.25	109.80	+0.05

Business done—Wheat: March 110.70-110.30, May 114.95-114.50, July 118.70-118.50, Sept no trades, Nov 110.30-110.25, Jan 114.20-14.15. Sales: 85 lots of 100 tonnes. Barley: March 106.75-106.35, May 110.85-10.55, Sept 102.30-102.25, Nov 106.10 only, Jan no trades. Sales: 61 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent: March 121.50, April 112.75 transhipment East Coast seller. U.S. Hard Winter 13½ per cent: March 116.75 quoted transhpiment East Coast. English Feed fob March 114.50 East Coast seller. Maize: French Second Half: March 133.00 transhipment East Coast seller. S. African Yellow: April 80.50 quoted. Barley: English Feed fob April/June 114.00 East Coast seller. Rest unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat: Eastern 112.80. Feed barley: Eastern 106.50, E. Mids 105.50, N. East 107.30, Scotland 106.30. The UK Monetary Coefficient for the week beginning Monday March 8 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, attracted little interest throughout the day and closed dull. Lewis and Peat recorded a March fob price for No. 1 RSS in Kuala Lumpur of 199.5 (201.5) cents a kg and SMR 20 179.5 (180.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
April	46.00-46.30	47.20-47.40	—
May	47.00-48.40	47.90-48.10	—
Apl-Jne	47.20-47.30	47.80-48.00	47.30-47.10
Jly-Sept	50.50-50.70	51.10-51.20	50.80-50.50
Oct-Dec	53.40-53.60	53.90-54.00	53.70-53.20
Jan-Mar	55.30-55.50	57.00-57.10	56.50-56.50
Apl-Jne	58.20-58.30	58.60-58.80	58.30
Jly-Sept	62.10-62.20	62.60-62.70	62.20
Oct-Dec	65.00-65.10	65.60-65.70	—

Sales: 198 (331) lots of 15 tonnes, 0 (43) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 46.00p (47.00p); April 49.00p (49.25p); May 49.00p (49.25p).

SOYABEAN MEAL

The market opened around 50p higher, reports T. G. Roddick. Prices remained in narrow ranges in dull conditions.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
April	131.60-32.0	+0.05	132.10-31.80
June	129.40-29.8	+0.05	129.90-29.50
August	129.20-29.4	-0.15	130.20
October	130.20-30.5	-0.40	130.60
Dec	132.50-33.5	+0.10	—
Feb	135.00-35.0	-0.40	—
April	135.00-36.5	-1.00	—

Sales: 89 (122) lots of 10 tonnes.

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. March 400, 408, nil; May 410, 416, 417-412; Aug 433, 435, 433-430; Oct 430, 432, 435-431; Dec 436, 438, 437-435; Jan 438, 439, 439-436; March 445, 447, 445-440; May 450, 452, 445-445; Aug 460, 462, 458-455. Sales: 110.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 510.0, 511.0, 512.0-510.0; May 515.5, 516.5, 515.5-515.0; July 525.5, 526.0, 526.0-525.5; Oct 519.5, 520.0, 20.0; Dec 525.0, 526.0, 26.05-524.5; March 529.9, 531.0, 529.5; May 534.0, 535, untraded; July 40.5, 541.0, 541.0-540.0. Sales: 95.

SUGAR

LONDON DAILY PRICE—Raw sugar £165.00 (£167.00) a tonne cif March-April shipment. White sugar daily price £173.00 (£175.00).

Prices were confined within a narrow range throughout the morning and values drifted during the afternoon, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
May	167.90-67.95	168.75-68.85	170.00-67.50
Aug	170.80-70.75	171.50-71.55	172.75-70.25
Oct	174.10-74.20	174.75-75.00	176.00-75.25
Jan	174.75-75.75	174.50-76.00	—
March	179.50-80.00	180.25-80.50	181.00-79.50
May	181.75-83.00	182.25-83.50	—
Aug	185.75-87.00	—	—

Sales: 2,263 (4,267) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £276.00 (£277.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Feb 25: Daily price 12.80 (12.52); 15-day average 13.02 (13.06).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 114 tonnes. Minor purchases brought a limited offtake, but again most demand centred on South American styles. Scattered contracts were fixed up in African and Middle Eastern qualities, but operations were only patchy.

JUTE

JUTE—C and f Dundee BWC £285, BWD £237, BTB £327, BTC £288, BTD £239; Antwerp c and f BWC £287, BWD £239 BTB £330 BTC £288, BTD £241; Dundee March 40 in 10 oz £10.29, 40 in 7½ oz £8.13; B Twills £30.47.

TEA AUCTION

LONDON TEA AUCTION—34,620 packages were offered in yesterday's auction. Assams often lost 1-3p. Plainer Africans were sometimes lower, others were firm. Bright Ceylons were firm to dearer with plain sorts easier. Quotations: Quality 124p per kilo (123p), medium 111p per kilo (113p), plain no quote (no quote).

POTATOES

LONDON POTATO FUTURES—The market was fairly active with extensive profit-taking caused by Amsterdam reaction. Stop loss selling has been the main feature, reports Coley and Harper. April 147.20, −3.00 (high 151.90, low 145.50), Nov 67.30, −0.50 (high 67.50, low 67.00); Feb 77.50, −0.30 (untraded). Turnover: 897 (954) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 83.3 to 89.7; Ulster hindquarters 94.5 to 97.0, forequarters 67.0 to 70.0. Veal: Dutch hinds and ends 118.0 to 125.0. Lamb: English small 81.0 to 88.0, medium 82.0 to 87.0, heavy 70.0 to 84.0. Imported—New Zealand PL 66.0 to 67.0, PM 66.0 to 67.0. Pork: English, under 100 lb 40.0 to 56.0, 100-120 lb 48.0 to 56.0, 42.0 to 51.0.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 102.41p per kg lw (+0.45). UK—Sheep 204.68p per kg est dcw (+1.33). GB—Pigs 78.47p per kg lw (−0.52).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spanis: Navels 42/130 4.60-5.30; Cypriot: Shamouti 3.50-4.00; Jaffa: Shamouti 80/168 4.70-5.60; Moroccan: Navels 48/113 3.60-4.50. Mandarins—Spania: 3.80-4.40, Karas 4.80-5.50. Wilkins—Spanis: 4.20-4.90. Minneolas—Cypriot: 53/72 5.80-6.50; U.S. 73/100 8.50. Lemons—Cypriot: 2.50-3.00; Spania: 40/50 1.60-2.00; Italian: 80/120 4.00-5.00; Jaffa: 105 4.80; U.S. 6.00. Grapefruit—U.S. Texas Ruby 6.50-7.00, Florida Ruby 7.50-8.00; Cypriot: Large cartons 3.00-4.00, small cartons 2.50-3.20; Jaffa: 36/88 3.50-4.90. Ugli Fruit—Jamaican: 18/64 7.50-12.00. Ortanique—Jamaican: 64/126 8.75-9.00. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.80, 40 lb 6.00-8.00 Stark Crimson 40 lb 7.00-9.00, 20 lb 3.40-4.60. Granny Smith 1.00-1.60; Canadian: Red Delicious 9.50-12.00, partan 20 lb 5.00 McIntosh Reds 20 lb 5.20; U.S. Red Delicious 10.00-14.00. Pears—Dutch: Comice 14 lb, per tray 4.40-4.50; S. African: Williams' Bon Chretien 8.00-8.50; Italian: Per lb Passecrassane 0.14-0.17. Peaches—S. African 3.00-4.00. Nectarines—Chilean: 8.50-9.00. Plums—S. African: Per lb Songold 0.30-0.50, Wicksons 0.30-0.40, Harry Pickstone 0.30-0.50, Gaviota 0.25-0.45, Kelsey 0.30-0.45. Grapes—Chilean: Thompson 11 lb 8.50-9.00, Cardinal 7.00-7.50; S. African: Dan Ben Hannah 6.00-6.20, Alphonse 8.50-8.60, Waltham Cross 9.00; U.S.: Red Emperor 0.45-0.50. Strawberries—Israeli: 0.55; U.S.: 1.00-1.10; Spanish: 0.50. Melons—Brazilian: Yellow 9.00-11.00, Green 10.00-12.00. Pineapples—Ivory Coast: Each 0.35-1.00. Bananas—Colombian: Per pound 0.20-0.22. Avocados—Israeli: 4.00-4.50; Canary: 4.00-4.50; U.S.: 4.60-4.90; S. African: 5.50. Mangoes—Kenyan: 8/16 5.00-5.50; Peruvian: 9.00. Dates—Tunisian: 30s 0.45-0.50; U.S.: 0.43-0.45. Tomatoes—Canary: 3.60-4.60. Onions—Spanish: Grano 3/5 4.00-4.50. Capsicums—Israeli: Red 4.70; Canary: Red 4.00-4.50, Green 4.00-4.50. Cabbages—Dutch: White 3.40-3.50, Red 3.40-3.60. Cauliflowers—French: 24s 6.50-7.00; Jersey: 6.50-7.00. Celery—Spanish: 3.00-4.00; Israeli: 4.80. Carrots—Dutch: 22-lb 2.60, pre-packed 3.60; Italian: Per box 2.00-2.20; French: 22-lb 1.60-1.80. Lettuce—Dutch: 24s 3.20-3.80, 12s 2.40-2.50. Batavia—French: 5.60. Cucumbers—Canary: 2.80-3.20; Dutch: 12/14 3.40-3.50. Chicory—Belgian: 3-kilos 1.80-2.00. Endive—French: 5.50. New Potatoes—Canary: 28-lb ware 5.80-6.00, mids 5.80-6.00, 55-lb ware/mids 9.00-9.50; Cyprus: boxes, spring crop 5.80-6.00, bags winter crop 5.10-5.20, spring crop 5.80-6.00; Egyptian: 44-lb 4.70-4.80; Jersey: ware/mids per pound 1.25. Aubergines—Canary: 5.00-5.50; Israeli: 6.50. Artichokes—Egyptian: 6.50; Spanish: 5.00-6.00. Asparagus—U.S.: per pound 1.80-2.30.

★

GRIMSBY FISH—Supply: Good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.00, codlings £2.50-£3.80; large haddock £3.70-£5.00, medium £3.80-£4.60, small £2.00-£3.60; medium plaice £3.60, best small £2.70-£3.80; medium skinned dogfish £10.00; large lemon soles £14.00, medium £12.00; saithe £1.90-£2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Mar. 1 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1050/1080	......	$110/140
Copper			
Cash h grade	£852.25	-5.25	£863.5
3 mths	£881.75	-3.00	£891.75
Cash Cathode	£850	-3.5	£860.5
3 mths	£878	-2.25	£888.5
Gold troy oz	$359.75	-3.25	$379
Lead Cash	£328	-2.5	£353.75
3 mths	£332.5	-2.75	£363.5
Nickel	£5824	+52.5	£3771.7
Free mkt	260/290c	......	260/95c
Platin'mtr oz'y	£260	......	£260
Freemkt	£187.70	-1.5	£192.45
Quicksilvert	$380/400	-7.5	$360/370
Silver troy oz	425.20p	-6.40	434.50p
3 mths	439.40p	-6.35	449.00p
Tin Cash	£7035	-105	£8597.5
3 mths	£7235	+40	£8015
Tungsten22.0lb	$128.05	......	$125.60
Wolfrm22.40lbs	$120/126	......	$128/131
Zinc Cash	£427	-3.75	£456.5
3 mths	£434.25	-4.5	£462.25
Producers	$875/950	......	$875/950
Oils			
Coconut (Phil)	$517.50z	......	$547.5
Groundnut	$670z	......	$715
Linseed Crude	£430	......	‡
Palm Malayan	$510v	......	$532.5
Seeds			
Copra Ph lip	$340z	......	$350
Soyabean (U.S.)	$258.25	+1.75	$268.5
Grains			
BarleyFut. May	£110.85	+0.50	£111.60
Maize	£133	......	£134.50
Wheat Fut.May	£114.80	+0.40	£115.30
No.2HardWint	£116.75x	+0.40	£117.00
Other commodities			
Cocoa ship't*	£1177	-12	£1207
Future May	£1141.5	-11.5	£1141.5
Coffee Ft' May	£1286.5	-5.0	£1175
Cotton A.Index	69.75c	......	70.80c
Gas Oil Apr.	$254.5	-4.5	$275.75
Rubber (kilo)	46.00p	-1	50.5p
Sugar (Raw)	£166wv	-1	£171
Woolt'ps 64s kL	388p kilo	......	380pkilo

In tonnes unless otherwise satted. ‡ Unquoted. v April. ¾ March-April. y April-May. w Feb-March. † Per 76 lb flask. *Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, March 1.

Gold was mixed on late short-covering while silver was consistently strong, on trade and speculative support. Copper advanced moderately on trade support motivated by a reported mine strike in Peru. Sugar was lower on reports on Cuban sales at sizeable discounts which forced long liquidation. Talk of Saudi Arabia insisting on maintaining current output forced heating oil lower on commission house liquidation. Coffee was mixed with dealer pricing and spreading supporting the market, reported Heinold.

Copper—Mar 69.30-69.65 (69.15), April 70.40 (70.15), May 71.35-71.50, July 73.30-73.40, Sept 75.25, Dec 78.00, Jan 78.75, Mar 80.50, May 82.25, July 84.00, Sept 85.75, Dec 88.35, Jan 89.20.

*Gold—March 361.8 (360.5), April 365.5-366.2 (364.5), May 369.8, June 373.3-374.2, Aug 381.9, Oct 390.2, Dec 398.0-399.5, Feb 407.5, April 416.5, June 425.7, Aug 434.9, Oct 444.3, Dec 453.8.

*Platinum—April 345.0-346.0 (344.3), July 356.5 (354.9), Oct 367.0, Jan 383.0.

Potatoes (round whites)—April 80.7-81.0 (82.7), Nov 77.0-77.5 (77.5). Sales: 1,038.

¶Silver—Mar 785.0-789.0 (774.3), April 798.0 (784.1), May 805.0-809.0, July 827.0-829.0, Sept 847.6, Dec 875.0-877.0, Jan 886.8, Mar 905.0, May 925.2, July 944.4, Sept 963.6, Dec 992.4, Jan 1002.0. Handy and Harman bullion spot: 781.50 (779.50).

Sugar—No. 11: May 12.45-12.49 (12.58), July 12.55-12.57 (12.72), Sept 12.72-12.75, Oct 12.88-12.90, Jan 12.93-13.20, Mar 13.50-13.51, May 13.70. Sales: 3,575.

Tin—608.00-610.00 (610.00 to 620.00).

CHICAGO, March 1.

Lard—Chicago loose 20.00 (20.50).

Live Cattle—April 64.40-64.35 (69.35), June 63.35-63.30 (70.37), Aug 61.15-61.05, Oct 58.97-59.00, Dec 59.20-59.25, April 60.50.

Live Hogs—April 45.85-46.00 (45.82), June 50.30-50.45 (49.85), July 51.25-51.20, Aug 50.35, Oct 47.25-47.55, Dec 48.90.

‡‡Maize—Mar 256½-256¼ (256¾), May 271½-271¼ (270), July 282¾-282½, Sept 288-288¾, Dec 295, Mar 309½-309½.

Pork Bellies—Mar 69.05-68.90 (69.35), May 69.60-69.40 (70.37), July 70.00-70.10, Aug 68.00-68.30, Feb 74.00, Mar 74.10.

†Soyabeans—Mar 620½-620 (617½), May 635½-634½ (632¼), July 647½-648, Aug 655, Sept 656½, Nov 665-664, Jan 678, Mar 693½, May 705½.

‖Soyabean Meal—Mar 186.2-186.5 (184.9), May 186.8-187.1 (186.1), July 190.5-190.3, Aug 192.0, Sept 193.0-194.0, Oct 194.5-195.0, Dec 197.5-198.0, Jan 199.0-199.5.

Soyabean Oil—Mar 18.48-18.50 (18.45), May 19.09-19.11 (19.13), July 19.70-19.72, Aug 19.96, Sept 20.15, Oct 20.40, Dec 20.80, Jan 20.95, Mar 21.35.

†Wheat—Mar 362½ (356), May 370¼-370½ (366¼), July 378¾-379¼, Sept 395-395¼, Dec 416, Mar 432½.

WINNIPEG, March 1.

§Barley—Mar 123.80 (122.50), May 127.90 (127.00), July 131.10, Oct 131.80, Dec 133.10.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 224.89 (225.34).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

PARIS, March 1.

Cocoa—(FFr per 10 0kilos): Mar 1242/1250, May 1250/1254, July 1275/1285, Sept 1308/1313, Dec 1320/1330, Mar 1340/1345, May 1350/1355. Sales at call: 1.

Sugar—(FFr per tonne): May 1925-1926, July 1930/1950, Aug 1960-1970, Oct 1960-1970, Nov 1960-1970, Dec 1960-1970, March 2020-2030, May 2040-2060. Sales at call: 7.

ROTTERDAM, March 1.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent, March 192. U.S. No. Two Red Winter, March 164, April 167. U.S. No. Three Amber Durum: March 208, May 185, June 184, July 185, Aug 187, Sept 190, Oct 193, Nov 195. U.S. No. Two Northern Spring 14 per cent, March 201, April 186, May 182.50, June 183, July 183, Aug 183, Sept 184, Oct 186.50. Canadian Western Red Spring April/May 209.

Maize—(U.S. $ per tonne): U.S. No. Three Yellow, afloat 124.50, March 124.50, April 124.50, May 124.50, June 126, July/Sept 128, Oct/Dec 132 sellers.

Soyabeans—(U.S. $ per tonne): U.S. Two Yellow Gulfports, afloat 252, March 252.25, April 253, May 254.50, June 257, July 258.25, Aug 260.75, Sept 262, Oct 262, Nov 262, Dec 266.50 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein U.S., afloat 231, Feb 231, March 231, April 228, April/Sept 228, Nov/March 243 sellers. Brazil Pellets: Feb 245, March 241, April/Sept 236 sellers.

INDICES

FINANCIAL TIMES

Feb. 26	Feb. 25	Month ago	Year ago
241.77	241.74	252.94	259.93

(Base: July 1, 1952=100).

MOODY'S

Feb. 26	Feb. 25	Month ago	Year ago
992.6	992.4	1014.3	1146.2

(December 31, 1931=100)

DOW JONES

Dow Jones	Feb. 26	Feb. 25	Month ago	Year ago
Spot	126.27	126.87	128.93	—
Fut'rs	131.88	133.14	136.84	—

(Base: December 31 1974=100)

REUTERS

Mar. 1	Feb. 26	M'nth ago	Year ago
1597.9	1606.0	1629.8	1748.1

(Base: September 18, 1931=100)

Rise in British Funds resumed on interest rate hopes

Equities firm after quiet trade—Golds lower

Account Dealing Dates
Option

*First Dealings	Declara-tions	Last Dealings	Account Day
Feb 15	Feb 25	Feb 26	Mar 8
Mar 1	Mar 11	Mar 12	Mar 22
Mar 15	Mar 25	Mar 26	Apr 5

* "New time" dealings may take place from 9.30 am two business days earlier.

The budget Account got off to a slow start in stock markets yesterday, but opening firmness in British Funds carried over into leading shares which ended with small gains.

The funds made the best showing with significant rises on the possibility of another cut in interest rates despite worries that the latest increase in the U.S. money supply ruled out a lead from that quarter. Optimism about UK rates was heightened following reduced intervention rates in the Bank of England's money market operations yesterday.

Buying interest in gilts was sufficient in a thin market to result in widespread gains ranging to 1¼. Quotations had eased back from the best by ¼ to ½ towards the official close on the possibility that the authorities might then announce new Government funding. In the absence of such an announcement, quotations picked up again and ended at the day's highest.

The recently expired short tap, £20-paid Exchequer 13¼ per cent 1987 "A," improved ½ to 20⅜ while Treasury 11¾ per cent ended 1¼ up at 86½.

The Government Securities index gained 0.52 to 66.91.

Gold shares turned weak with the Gold Mines index dropping 10.6 to 252.8. Elsewhere, equities rallied from easier opening levels with the help of small selective demand. Fisons stood out on the good profits recovery. Among Financials, Royal Insurance pleased the composite sector with better-than-expected figures but the results from Barclays Bank left the analysts unimpressed despite the scrip issue and dividend forecast.

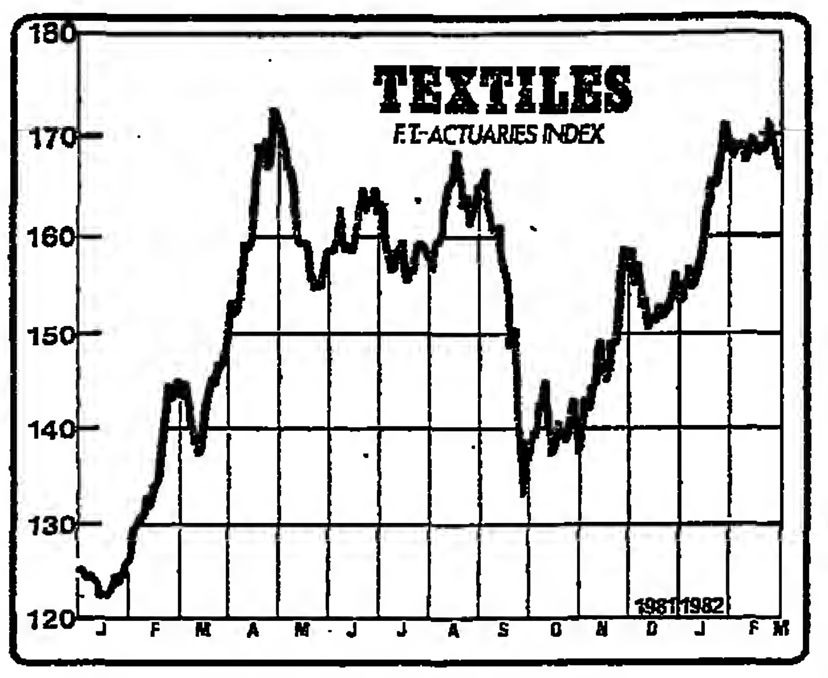
Down 1.8 at 10.00 am, the FT Industrial Ordinary share index improved gradually and ended 3.5 up on balance at 550.8.

Among *New Issues*, dealings began in Greenfriar Warrants which opened and closed at 34p.

Adverse Press comment about last week's newcomer Amersham induced small selling which left the shares a net 5 down at 188p compared with the offer price of 142p.

Royal Insurance up

Market sentiment in Composite Insurances, which received a boost last week on Commercial Union's good results, was given a further fillip yesterday when Royals reported much-better-than-expected preliminary profits; Royals closed 10 higher at 363p. General Accident, the next to report annual figures tomorrow, ended a couple of pence dearer at 318p, after 320p, while improvements of 4 and 6 respectively were seen in Eagle Star, 374p, and Phoenix, 248p.



Compared with the impressive preliminary figures announced by Lloyds and NatWest, the modest 8 per cent rise in annual profits, near-19 per cent dividend increase, and proposed 20 per cent scrip issue reported by Barclays disappointed and the shares, after touching 484p, closed unchanged on the day at 480p. NatWest softened 2½ to 442p xd and Lloyds eased a shade to 468p xd. Midland, which concludes the dividend season for the big four on March 19, gave up 2 to 330p. Despite the firmness of gilts, Discount Houses retreated on lack of support. Cater Allen shed 10 to 305p as did Union, to 415p, while Alexanders cheapened 6 to 218p. A fresh bout of speculative buying on continuing bid hopes helped First National Finance Corporation to touch a new high of 40p before closing a net 1½ up at 39p.

Interest in Breweries centred chiefly on Davenports, up 8 at 155p, following news that Wolverhampton and Dudley, which recently disclosed a 6 per cent stake in the company, had increased its holding to 8 per cent.

Recently dull leading Buildings staged a modest rally. Tarmac firmed 6 to 428p, while RMC and London Brick added a penny apiece to 230p and 78p respectively. Publicity given to a broker's circular stimulated renewed interest in Barratt Developments, which rose 6 to a 1981-82 peak of 245p. Elsewhere, Wiggins Group closed 4 up at 95p, after 96p, following favourable Press comment.

The Chemical sector displayed contrasting features. Fisons jumped 20 to 260p in response to the better-than-expected preliminary results, but Croda International dropped 7 to 76p with the Deferred a like amount off at 45p on the announcement that Burmah Oil, 5 up at 113p, would not be increasing its bid nor *extending Thursday's closing* date. Elsewhere, Blagden and Noakes lost 8 to 110p following the poor annual results, but Dixor-Strand added 3 to a 1981-1982 peak of 23p on talk of a reorganisation.

Woolworths better

The Store majors shrugged aside Budget uncertainties and closed firmer for choice. Weekend Press comment attracted *buyers to F. W. Woolworth*, which ended 2½ up at 56½p.

Having fallen 32 last week on persistent selling and lack of support, Thorn EMI remained friendless and eased 3 to 440p. Other Electrical leaders plotted an irregular course in moderate trading. GEC became fairly lively and finished a net 7 dearer at 817p, after 819p. Elsewhere, BSR touched 75p before closing only a penny easier at 78p on a *weekend Press suggestion of an* imminent rights issue; the company announced restructuring proposals on Friday. Lec Refrigeration declined 7 to 228p and Unitech shed 12 to 213p. Japanese issues turned distinctly dull on Tokyo advices; Fujitsu, 157p, and Nippon, 176p, lost 11 apiece, while Sony fell 70 to 700p.

Leading Engineers trended a little firmer in extremely quiet *trading. Elsewhere in the* sector, Chamberlin and Hill responded to Press mention with a jump of 8 to 56p, while Drake and Scull improved 2 to 49p xd for a similar reason. Ductile revived with a rise of 3 to 119p, while Lake and Elliot took a turn for the better and put on 4 to 56p. Other dull spots included Moss Engineering, 4 cheaper at 100p, and Brooke Tool, 2 down at 23½p.

Secondary Foods were featured by Albert Fisher which jumped 13½ to 28½p on talk that a sizeable shareholding in the company had changed hands. Revived speculative interest lifted Singlo 2½ to 37p, while Paterson Jenks added 2 to 82p following Press comment. Quietly firm conditions prevailed in the leaders. Recently dull on diminishing hopes of a counter bid, Huntley and Palmer put on 3 to 105p; bidders Rowntree *Mackintosh* hardened 2 to 162p for an equivalent bid price of 104p. Brooke Bond touched 56p on favourable Press comment before settling a penny dearer on balance at 55p.

Mount Charlotte Investments remained a firm counter and added 1½ more to 23p awaiting today's annual results.

Late rise in ACC

Already a couple of pence harder awaiting the appeal court's ruling, Associated Communications Corporation "A" advanced further to close 5 up at a new high of 86p on late news of the decision in Heron's favour. Elsewhere, Unilever moved up 7 to 657p in anticipation of today's fourth-quarter results. Glaxo firmed 6 to 478p and Beecham improved a couple of pence to 225p. Demand ahead of next Monday's annual results helped BTR to put on 7 to 357p, while Channel Tunnel rose a similar amount to 200p on Press reports that Government approval for the "chunnel" project is likely to be given by the middle of the month. Following details of the company's major cash injection, recruitment of a new management team, acquisition and proposed £1m rights issue to help finance the latter, dealings in Platignum were resumed at 11½p compared with the suspension price of 8p and, *after a fairly lively trade*, the close was 9½p.

The Leisure sector displayed several firm counters. Fresh speculative interest on takeover hopes lifted Zetters another 10 to 92p while, reflecting demand that developed late on Friday, Black and Edgington put on 4 to 50p. Buying in front of tomorrow's interim results lifted Campari 4 to 58p, while Press comment prompted a gain of 7 to a 1981-82 peak of 237p in Nimslo. Among travel concerns, Owners Abroad, annual results tomorrow, added 2 to 23p.

Demand ahead of the preliminary results, due on Thursday, lifted W. N. Sharpe 10 to a 1981-82 peak of 460p. Among Paper/Printings, Ault and Wiborg, annual results due on Friday, added 3 to 33p.

Leading Properties recovered from a hesitant start and closed *virtually unchanged. Elsewhere*, Property and Reversionary attracted support and firmed 4 to 164p, while Mountview Estates gained 6 to 160p following Press comment. Land Investors encountered speculative interest and touched 58p before closing just a penny up on balance at 55p.

Ultramar down afresh

Interest in the Oil market remained at a low ebb. British Petroleum managed a modest improvement of 2 to 280p, but Shell continued to drift lower and gave up 4 more to 334p. Elsewhere, Ultramar remained overshadowed by talk of a rights issue and gave up 10 further to 370p; the preliminary figures are due tomorrow. On the other hand, Lasmo took a turn for the better and rallied 7 to 290p. ORE were quoted ex scrip issue at 167p, up 17, following Press mention. Berkeley Exploration encountered fresh offerings and eased 5 more to 135p, while Candecca, despite favourable mention, eased 4 to 170p. Flair Resources reacted 10 to 117p.

Still reflecting the board's downgraded profits forecast, Gill and Duffus, down 32 last week, lost 4 more to 140p.

Small falls predominated in Trusts. Among Financials, Exco International edged up 3 to 215p, but R. P. Martin, awaiting Friday's interim results, eased 10 to 380p.

Among the occasional improvements in Shippings, British and Commonwealth firmed 5 to 395p and Lofs rallied 1½ to 56p.

Textiles were rarely altered, but Allied edged up 4 to 207p, while Press mention prompted a gain of 2 to 72p in Textured Jersey and a penny to 50p in Towles "A."

In Plantations, Far-Eastern influences prompted rises of between 10 and 25 in Castlefield, 410p, Sogomana, 475p, and Inch Kenneth Kajang, 345p.

Among South Africans, dealings in Greaterman Stores "A" were suspended, at 460p, following similar action on the Johannesburg bourse.

Gold Fields nervous

Gold shares staged a broad retreat in the face of renewed pressure on the bullion price which opened sharply lower at around $355 per ounce before picking up to close a net $3.25 down at $359.75, the lowest level since September 17, 1979. The Gold Mines index fell 10.6 to 252.8.

An attempted rally in Heavyweights on the back of sporadic Johannesburg support failed to *gain momentum*, mainly due to continued lack of U.S. support, *and falls ranged to over a point*, as in Randfontein, £23, and Hartebeest, £22. Western Holdings fell ¾ to £21⅛, while Kloof finished ⅜ off at £12⅝.

Medium- and lower-priced issues also displayed sizeable falls. Durban Deep, 714p, Stilfontein, 645p, and Doornfontein, 700p, all closed around 40 lower, while Libanon eased 29 to 700p and Kinross 22 to 535p.

Among Gold-based Financials "Amgold" dipped ¾ at £34⅞, while Gold Fields of South Africa were quoted 1¼ down at £26⅞ xd. Gencor eased 10 to 840p; the preliminary results are expected later this week.

The metal price and the imminent results from Gold Fields, due tomorrow, combined to result in a nervous session in London Financials. Charter eased 5 to 220p, after 217p, while Gold Fields declined 12 more to 408p, after 405p.

Australians were quietly irregular. Golds were understandably dull, notably Gold Mines of Kalgoorlie, 15 down at 210p, and Central Norseman, 18 lower at 215p. In contrast, Pancontinental advanced 12 to 120p following the announcement of a draft agreement to develop the Jabiluka deposit in the Northern Territory.

Renison, which revealed highly disappointing first-half figures last week, rallied 15 to 170p on scattered "cheap" buying.

A lacklustre day in Traded Options saw only 1,564 deals arranged, comprising of 971 calls and 593 puts. Imps recorded 476 calls.

FINANCIAL TIMES STOCK INDICES

	Mar. 1	Feb. 26	Feb. 25	Feb. 24	Feb. 23	Feb. 22	A year ago
Government Secs.	66.91	66.39	66.86	66.39	66.80	67.14	68.97
Fixed Interest	66.38	66.49	66.64	66.48	66.46	66.48	70.75
Industrial Ord.	550.8	547.3	551.8	552.6	559.0	568.2	501.4
Gold Mines	252.8	263.4	265.3	258.0	249.4	256.0	309.9
Ord. Div. Yield	5.70	5.75	5.68	5.54	5.48	5.40	7.04
Earnings, Yld. % (full)	10.51	10.56	9.88	9.82	9.72	9.57	15.15
P/E Ratio (net) (*)	12.25	12.20	13.24	13.32	13.46	13.67	8.14
Total bargains	22,618	21,885	24,339	20,100	21,567	19,198	24,538
Equity turnover £m.	—	177.01	192.76	160.64	135.98	126.84	124.45
Equity bargains	—	22,608	24,694	16,865	17,488	15,041	21,126

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.
10 am 545.5. 11 am 546.8. Noon 549.2. 1 pm 549.5. 2 pm 549.5. 3 pm 549.5.
Latest Index 01-246 8026.
*Nil=11.03.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (20/3/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (20/5/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/9/81)	249.4 (23/2/82)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Feb. 26	Feb. 25
—Daily		
Gilt Edged Bargains	165.7	178.3
Equities Bargains	146.5	180.0
Value	357.8	389.6
5-day Avrge.		
Gilt Edged Bargains	203.7	313.3
Equities Bargains	125.3	112.0
Value	316.6	285.9

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or —	Div. or amount	Times covered	Gross yield	P/E ratio
142	F.P.	26/3	194	188	Amersham	188	−5	b3.5	2.9	2.7	15.2
§30	F.P.	12/2	30	29	Assets Special 10p	29	.....	—	—	—	—
—	F.P.	—	8	2	Do. Warrants 10p	7	.....				
80	F.P.	—	357	315	Eldridge Pope £1	357	.....	9.5	2.9	3.8	11.0
—	F.P.	—	34	27	Greenfriar Warrants	34	.....	—	—	—	—
§90	F.P.	5/3	92	89	Imm. Bus. Sys. 10p	92	.....	—	—	—	10.3
‖	F.P.	—	53	47	Malaysian Tin 5p	47	.....				
‖	F.P.	—	15½	13	TSW 5p	15	.....	F0.6	—	5.7	—
45	F.P.	19/2	56	47	York Mount	55	.....	b4.51	3.9	11.7	2.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or —
§100	£25	30/7	30½	25⅝	Barclays 16% Ln. Stk.	29¾	+¾
100	F.P.	14/4	114	111	Boddingtons Brew 9¼% Cnv. Ln. 2000-05	112	+1
**	F.P.	—	202	200	Churchbury Ests. 6.4% Cnv. Ln 1985	200	−2
**	F.P.	26/2	212	210	Do. 8pc Cnv. Ln. 1987	212	.....
100	Nil	—	2pm	1pm	Hunting Pet. 10% Cnv. Ln. 1997	2pm	.....
**99	£10	29/4	10½	10½	Lee Valley 9¾% Red. Prf. 1989	10⅜	.....
*97½	F.P.	18/3	13	12	Mid-Kent Water 9¾% Red. Prf. 1987	100⅛	.....
§100	£10	—	100⅞	99¾	Nationwide Bdg. Soc. 16% (17/1/83)	107⅞	.....
§100	F.P.	—	100½	100	Do. 15⅝% 7/2/83	100½	.....
**	F.P.	—	102p	100p	Ropners 11½% Cum Prf.	102p	.....
98.85	£20	—	21	19¾	Trans-Canada Pipelines 16½% Notes 2007	19¾	.....

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1981/2 High	1981/2 Low	Stock	Closing price p	+ or —
244.3	Nil	12/3	15/4	7pm	5pm	‡‡Cambrian & Gen. Units	7pm	—
70	Nil	15/3	19/4	17pm	3pm	Clyde Petroleum	3pm	−2
140	F.P.	19/2	19/3	164	154	Davy Corp.	154	.....
40	Nil	8/3	23/4	1½pm	½pm	Energy Finance 10p	½pm	.....
160	Nil	22/3	29/4	28pm	22pm	Hunting Pet. Services	22pm	−4
280	F.P.	26/2	26/3	271	258	Lovell (Y.J.)	260	.....
188	F.P.	11/2	26/3	229	218	MEPC	223	−1
110	Nil	23/3	23/4	28pm	24pm	Security Centres	28pm	+1
25	F.P.	26/2	19/3	41	35	Smith St. Aubyn	35	−1
45	Nil	—	—	5pm	½pm	Steaua Romana (Brit.)	½pm	.....

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ✱ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. Shares.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Amersham Intl	188	−5	Fisher (A.)	28½	+13½
Barclays Bk	480	—	Fisons	260	+20
Barratt Dev	245	+6	GEC	817	+7
Charter Cons	220	−5	Platignum	9½	+1½
Cons Gold Fields	408	−12	Royal Ins	363	+10
Croda Intl	76	−7	Wiggins Gp.	95	+4

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
ICI	28	326	−2	Beecham	19	223	−1
Gill & Duffus	27	144	−21	Plessey	19	350	−5
Ultramar	26	380	−10	Prem Cons	19	42	—
KCA Int	23	97	+3	BSR	18	79	+2
Shell Trans	23	338	−10	First Nat	18	37½	−1
RTZ	22	415	−14	GEC	18	810	−2
Hntly & Palmer	20	102	−3	Racal Elec	18	347	−6

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 22	Mar 5	June 3	June 14
Mar 8	Mar 19	June 17	June 28
Mar 22	April 2	July 1	July 12

For rate indications see end of Share Information Service

Stocks to attract money for the call included European Ferries, Greencoat Properties, Woodside, Sterling Credit, Nimslo, Barker and Dobson, Smith St Aubyn, Vinten, NCC Energy, Sturla, Armstrong Equipment, GKN, ICL, Pennine Commercial, Inter-City, H. Samuel A, Tricentrol, Reo Stakis, Ultramar, Amersham, Chloride and Celtic Haven. Chubb and London Brick were dealt in for the put, while a double option was arranged in Woodside.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on March 1, 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.0
Albania	Lek	10.05
Algeria	Dinar	7.6210
Andorra	French Franc	11.0825
	Spanish Peseta	188.50
Angola	Kwanza	(Cm) 62.936 (T) 65.139
Antigua (S)	E. Caribbean $	4.92
Argentina (S)	Ar. Peso	18,245.0 (S)
Australia (S)	Australian $	1.7020
Austria	Schilling	30.445
Azores	Portug'se Escudo	129.70
Bahamas (S)	Ba. Dollar	1.8215
Bahrain (S)	Dinar	0.682
Balearic Isles	Spa. Peseta	188.50
Bangladesh (S)	Taka	38.25
Barbados (S)	Barbados $	3.6430
Belgium	B. Franc	(cm) 79.25 (fn) 85.85
Belize	B $	3.6430
Benin	C.F.A. Franc	554.125
Bermuda (S)	Bda $	1.8215
Bhutan	Indian Rupee	16.87
Bolivia	Bolivian Peso	80.10
Botswana (S)	Pula	1.6410
Brazil	Cruzeiro	266.21
Brit. Virgin Isles (S)	U.S. $	1.8215
Brunei (S)	Brunei $	3.8525
Bulgaria	Lev	1.7427
Burma	Kyat	11.75
Burundi	Burundi Franc	164.535
Cameroon Republic	C.F.A. Franc	554.125
Canada	Canadian $	2.2360
Canary Islands	Spanish Peseta	188.50
Cape Verde Isle	Cape V. Escudo	66.43
Cayman Islands (S)	Cay. Is. $	1.5179
Cent. Afr. Republic	C.F.A. Franc	554.125
Chad	C.F.A. Franc	554.125
Chile	C. Peso	(Bk) 70.98
China	Renminbi Yuan	3.3500
Colombia	C. Peso	(P) 109.56
Comoro Islands	C.F.A. Franc	554.125
Congo (Brazzaville)	C.F.A. Franc	554.125
Costa Rica	Colon	(U) 45.45 (A) 71.85
Cuba	Cuban Peso	1.4560
Cyprus (S)	Cyprus £	0.830
Czechoslovakia	Koruna	(com) 11.10 (nc) 19.32 (t) 18.20
Denmark	Danish Krone	14.5825
Djibouti	Fr.	300 (sg)
Dominica	E. Caribbean $	4.92
Dominican Repub.	Dominican (Peso)	1.8215
Ecuador	Sucre	(O) 45.45 (F) 63.16
Egypt	Egyptian £	(U) 1.51
Equatorial Guinea	Ekuele	377.0
Ethiopia	Ethiopian Birr	(P) 3.7500
Falkland Islands (S)	Falkland Is £	1.0
Faroe Islands	Danish Krone	14.5825
Fiji Islands	Fiji $	1.6530
Finland	Markka	8.287
France	French Franc	11.0825
French Cty in Af.	C.F.A. Franc	554.125
French Guiana	Local Franc	11.0825
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	554.125
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.3475
Germany (West)	Deutsch Mark	4.3475
Ghana (S)	Cedi	5.01
Gibraltar (S)	Gibraltar £	1.0
Greece	Drachma	112.9842
Greenland	Danish Kroner	14.5825
Grenada (S)	E. Caribbean $	4.92
Guadeloupe	Local Franc	11.0825
Guam	U.S. $	1.8215
Guatemala	Quetzal	1.8215
Guinea Republic	Syli	39.65
Guinea Bissau	Peso	70.65
Guyana (S)	Guyanese $	5.43
Haiti	Gourd	9.1075
Honduras Repub.	Lempira	3.6600
Hong Kong (S)	H.K. $	10.7235
Hungary	Forint	63.6900
Iceland (S)	I. Krona	17.415
India (S)	Ind. Rupee	16.87
Indonesia	Rupiah	1181.35
Iran	Rial	146.25 (sg)
Iraq	Iraqi Dinar	0.5359
Irish Republic (K)	Irish £	1.2330
Israel	Shekel	35.50
Italy	Lira	2,338.0
Ivory Coast	C.F.A. Franc	554.125
Jamaica (S)	Jamaica Dollar	3.2497
Japan	Yen	438.25
Jordan (S)	Jordan Dinar	0.612
Kampuchea	Riel	2,183.3
Kenya (S)	Kenya Shilling	18.125
Kiribati	Australian $	1.7020
Korea (Nth)	Won	1.80
Korea (Sth)	Won	1,300.79
Kuwait	Kuwait Dinar	0.517
Lao	Kip	18.215
Lebanon	Lebanese £	8.7735
Lesotho	Loti	1.7940
Liberia	Liberian $	1.8215
Libya	Libyan Dinar	0.5392
Liechtenstein	Swiss Franc	3.4525
Luxembourg	Lux Franc	79.75
Macao	Pataca	11.15
Madeira	Portug'se Escudo	129.70
Malagasy Republic	MG Franc	554.125
Malawi (S)	Kwacha	1.6980
Malaysia (S)	Ringgit	4.2225
Maldive Islands (S)	Rufiyaa	13.75
Mali Republic	Mali Franc	1,108.25
Malta (S)	Maltese £	0.733
Martinique	Local Franc	11.0825
Mauritania	Ouguiya	89.70
Mauritius (S)	M. Rupee	19.125
Mexico	Mexican Peso	79.17
Miquelon	C.F.A. Franc	554.125
Monaco	French Franc	11.0825
Mongolia	Tugrik	(O) 6.0102
Montserrat	E. Caribbean $	4.92
Morocco	Dirham	10.50 (sg)
Mozambique	Metical	60.11
Nauru	Australian Dollar	1.7020
Nepal	Nepalese Rupee	24.00
Netherlands	Guilder	4.77
Netherland Antilles	Antillian Guilder	3.2605
New Zealand (S)	N.Z. Dollar	2.3235
Nicaragua	Cordoba	18.20
Niger Republic	C.F.A. Franc	554.125
Nigeria (S)	Naira	[illegible]
Norway	Norway Krone	10.9175
Oman Sul'ate of (S)	Rial Omani	0.626
Pakistan	Pakistan Rupee	19.29
Panama	Balboa	1.8215
Papua N. Guinea (S)	Kina	1.3035
Paraguay	Guarani	(f) 227.13 (f) 268.48
Peru	Sol	(exc A) 986.18
Philippines	Philippine Peso	14.92
Pitcairn Islands (S)	£ Sterling	1.0
	N.Z. $	2.3235
Poland	Zloty	(Cm) 150.98
Portugal	Portug'se Escudo	129.70
Puerto Rico	U.S. $	1.8215
Qatar (S)	Qatar Ryal	6.59
Reunion Ile de la	French Franc	11.0825
Romania	Leu	(Cm) 8.29 (nc) 20.40
Rwanda	Rwanda Franc	171.82
St. Christopher (S)	E. Caribbean $	4.92
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.92
St. Pierre	Local Franc	11.0825
St. Vincent (S)	E. Caribbean $	4.92
Salvador El	Colon	4.5500
Samoa (American)	U.S. $	1.8215
San Marino	Italian Lira	2,338.0
Sao Tome & Prin.	Dobra	[illegible]
Saudi Arabia	Ryal	6.19
Senegal	C.F.A. Franc	554.125
Seychelles	S. Rupee	11.50 (sg)
Sierra Leone (S)	Leone	2.2071
Singapore (S)	Singapore $	3.8525
Solomon Islands (S)	Solomon Is. $	1.6680
Somali Republic	Somali Shilling	(1) (A) 11.56
South Africa (S)	Rand	1.7940
South West African Territories (S)	S.A. Rand	1.7940
Spain	Peseta	188.50
Spanish ports in North Africa	Peseta	188.50
Sri Lanka (S)	S. Rupee	37.40
Sudan Republic	Sudan £	1.6395
Surinam	Guilder	3.2605
Swaziland (S)	Lilangeni	1.7940
Sweden	S. Krona	10.56
Switzerland	Swiss Franc	3.4525
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	69.20
Tanzania (S)	Tan. Shilling	15.125
Thailand	Baht	41.97
Togo Republic	C.F.A. Franc	554.125
Tonga Islands (S)	Pa'anga	1.7020
Trinidad (S)	Trinidad & Tob. $	4.3716
Tunisia	Tunisian Dinar	0.922 (sg)
Turkey	Turkish Lira	282.55
Turks & Caicos	U.S. $	1.8215
Tuvalu	Australian $	1.7020
Uganda (S)	Uganda Shilling	159.0
United States	U.S. Dollar	1.8215
Uruguay	Uruguay Peso	(cm) 21.52 (fn) 21.55
Utd. Arab Emirates	U.A.E. Dirham	6.69
U.S.S.R.	Rouble	1.3100
Upper Volta	C.F.A. Franc	554.125
Vanuatu	Vatu	178.30
	Aust. Dollar	1.7020
Vatican	Italian Lira	2,338.0
Venezuela	Bolivar	7.81
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	1.8215
Western Samoa (S)	Samoan Tala	2.0725
Yemen (Nth)	Ryal	8.18 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6290
Yugoslavia	New Y Dinar	83.858
Zaire Republic	Zaire	10.330
Zambia	Kwacha	1.6500
Zimbabwe	Zimbabwe $	1.3210

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 76.50. ** Rate is the transfer market (controlled). †† Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (§) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Now one rate. (4) Essential goods.

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (34)

BRITISH FUNDS (6)
Treas. 8¼pc 1982; Treas. 3pc 1985; Exch. 9¼pc 1982; Treas. 12pc 1987; Exch. 8¼pc 1983; Treas. 2½pc IL 2011

FOREIGN BONDS (1)
Hydro Quebec 15pc Ln. 2011

CANADIAN (1)
Int. Nat. Gas

BANKS (2)
First Nat.; Wintrust

BUILDINGS (3)
Barratt Dev.; Johnstones Paints; H.A.T. Grp.

CHEMICALS (3)
Dixor-Strand; Halstead (J.); Fisons

ENGINEERING (2)
Greenbank; Howden

FOODS (3)
Brit. Sugar; Needlers; Fisher (A.)

INDUSTRIALS (3)
Assocd. Comms. 'A'; Utd. Parcels; Platignum

LEISURE (4)
Campari Intl.; Owners Abroad; Nimslo Int.; TVS N Vgt.

NEWSPAPERS (2)
Pearson Longman; Sharpe (W. N.)

PROPERTY (1)
Whittington Ests

TEXTILES (1)
Allied Textile

TRUSTS (1)
Greenfriar

OILS (1)
ORE

NEW LOWS (28)

INDUSTRIALS (3)
BH Props.; Swire Pacific; Kleen-E-Zee

MOTORS (1)
Kwik-Fit

PROPERTY (1)
Lend Lease

TRUSTS (6)
Baillie Gifford Japan; Japan Assets; Drayton Far East; New. Aus. Inv. Tst.; Do. Warrants 82-91; Mexico Fund Inc.

OILS (6)
Charterhall; Orbit; Magellan; Ranger Oil; Moray Firth; Ultramar

MINES (10)
East Rand Prop.; Greenbushes Tin; Cons. Gold Fields; M.I.M. Hldgs.; De Beers Dfd.; Pacific Copper; Carr Boyd; York Res.; G. M. Kalgoorlie; Malaysia Mng

OVERSEAS TRADERS (1)
Boustead

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	0	5
Corpns., Dom. and Foreign Bonds	9	1	164
Industrials	247	234	876
Financial & Props.	68	172	278
Oils	12	42	55
Plantations	2	5	17
Mines	12	92	60
Others	22	65	53
Totals	459	611	1,408

PETER ARUNDELL

Mr Colin Bird of Price Waterhouse has been appointed receiver and manager of Peter Arundell, a motor factory with bases in Stansted, Haverhill (Suffolk) and Norwich.

"Trading is continuing with a view to an early sale on a 'going concern' basis," the directors said.

PALLISER RESOURCES

Palliser Resources Incorporated whose shares are traded under Rule 163 (1)E has agreed in principal to amalgamate with Custer Resources Incorporated and Tiger Oil Corporation.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon March 1 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Feb 26 Index No.	Thurs Feb 25 Index No.	Wed Feb 24 Index No.	Tues Feb 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	360.33	+0.3	9.46	4.43	13.33	359.14	362.07	364.16	367.99	316.17
2	Building Materials (25)	318.47	+0.1	13.68	5.44	8.79	318.04	322.78	321.00	324.88	279.76
3	Contracting, Construction (28)	576.55	+0.3	15.84	4.93	7.41	575.03	576.78	576.22	586.82	496.00
4	Electricals (31)	1225.34	+0.4	7.53	2.36	16.98	1220.73	1230.32	1243.04	1254.02	1032.39
5	Engineering Contractors (9)	502.75	−0.1	12.56	5.82	9.31	503.32	508.38	511.01	511.45	424.39
6	Mechanical Engineering (67)	189.45	+0.4	11.08	5.81	11.51	188.70	190.17	191.40	193.04	183.05
8	Metals and Metal Forming (12)	163.51	+0.4	7.44	7.45	18.87	162.85	164.57	166.23	167.95	149.66
9	Motors (21)	96.21	+1.2	—	6.92	—	95.07	95.78	96.91	98.07	92.28
10	Other Industrial Materials (17)	392.64	+0.2	8.06	5.85	15.39	391.91	393.47	394.70	400.40	320.89
21	CONSUMER GROUP (198)	290.64	+0.6	12.61	5.70	9.73	288.82	291.17	291.42	295.85	252.53
22	Brewers and Distillers (21)	287.30	+0.8	16.37	6.79	7.35	285.06	288.46	286.27	291.91	281.83
25	Food Manufacturing (21)	280.52	+0.6	15.13	6.12	7.93	278.95	280.57	281.28	284.67	227.48
26	Food Retailing (15)	597.99	+0.5	9.00	3.34	13.53	595.19	604.69	600.98	614.06	463.94
27	Health and Household Products (7)	371.07	+0.9	8.42	4.31	13.95	367.84	370.14	371.36	374.94	260.21
29	Leisure (24)	433.01	−0.1	9.58	5.10	13.08	433.59	437.43	443.44	451.76	374.49
32	Newspapers, Publishing (12)	510.60	+0.5	11.06	6.09	12.09	508.20	509.74	508.72	515.12	448.99
33	Packaging and Paper (13)	143.95	+0.2	13.90	7.48	8.60	143.60	146.56	146.26	146.98	126.74
34	Stores (45)	263.14	+0.9	10.95	5.13	12.20	260.88	261.64	262.28	266.70	259.95
35	Textiles (23)	166.80	—	9.84	5.99	13.20	166.71	167.65	168.39	170.43	145.24
36	Tobaccos (3)	308.93	+0.9	19.83	8.44	5.74	306.08	309.54	309.17	312.64	223.20
39	Other Consumer (14)	273.10	+0.3	—	6.19	—	272.16	273.65	271.80	275.48	264.52
41	OTHER GROUPS (79)	248.93	−0.6	13.23	6.23	9.10	250.45	251.59	252.38	255.33	213.44
42	Chemicals (16)	329.56	−1.5	13.14	7.00	9.10	334.65	336.70	335.48	340.45	255.92
44	Office Equipment (4)	121.26	+0.2	13.28	7.09	9.17	121.00	121.73	123.94	124.96	110.40
45	Shipping and Transport (13)	564.49	+0.3	18.98	6.54	6.27	562.99	567.11	566.80	569.83	585.32
46	Miscellaneous (46)	312.31	−0.1	11.65	5.22	10.46	312.51	313.13	315.81	319.25	274.06
49	INDUSTRIAL GROUP (487)	309.08	+0.3	11.53	5.30	10.69	308.01	310.36	311.29	315.33	268.99
51	Oils (13)	634.73	+0.1	22.41	8.89	5.05	634.13	645.43	640.43	650.90	880.24
59	500 SHARE INDEX	335.69	+0.3	13.17	5.85	9.15	334.66	337.73	338.19	342.75	317.43
61	FINANCIAL GROUP (117)	259.14	−0.3	—	6.01	—	260.04	261.70	262.54	265.56	299.08
62	Banks (6)	287.34	−1.8	35.60	7.11	3.18	292.47	296.08	296.69	299.94	233.82
63	Discount Houses (9)	223.87	−2.3	—	9.69	—	229.07	229.88	230.30	232.74	312.91
65	Insurance (Life) (9)	252.83	−0.4	—	6.33	—	253.83	253.77	255.75	258.91	260.95
66	Insurance (Composite) (10)	165.99	+1.2	—	8.16	—	164.08	164.66	164.56	168.84	161.98
67	Insurance Brokers (7)	430.40	−0.2	10.34	5.30	13.07	431.26	433.68	436.01	442.56	356.39
68	Merchant Banks (12)	145.91	+0.2	—	5.63	—	145.68	146.22	146.95	148.71	155.39
69	Property (49)	455.52	−0.2	4.68	3.24	28.51	456.31	459.87	461.30	462.88	482.45
70	Other Financial (15)	183.94	−0.4	15.50	5.88	7.91	184.61	185.96	186.39	188.63	180.91
71	Investment Trusts (112)	302.27	−0.9	—	5.40	—	304.89	307.17	306.93	309.84	291.37
81	Mining Finance (4)	209.61	−1.5	16.44	6.78	7.32	212.74	221.05	222.25	224.73	215.08
91	Overseas Traders (17)	388.67	+1.2	13.62	8.19	8.94	384.06	395.20	404.61	410.83	449.47
99	ALL-SHARE INDEX (750)	317.18	+0.1	—	5.91	—	316.89	319.91	320.55	324.67	302.88

FIXED INTEREST

	PRICE INDICES	Mon March 1	Day's change %	Fri Feb 26	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	108.83	+0.39	108.41	—	2.65
2	5-15 years	107.38	+1.01	106.35	0.04	2.15
3	Over 15 years	110.06	+1.09	108.99	0.12	2.52
4	Irredeemables	118.42	+0.95	117.65	0.35	1.62
5	All Stocks	108.48	+0.84	107.63	0.06	2.39
6	Debentures & Loans	84.19	+0.47	84.26	0.47	2.86
7	Preference	63.25	+0.19	63.40	0.35	1.91

	AVERAGE GROSS REDEMPTION YIELDS		Mon March 1	Fri Feb 26	Year ago (approx.)
	British Government				
1	Low	5 years	12.36	12.49	11.32
2	Coupons	15 years	13.06	13.18	12.27
3		25 years	12.83	12.95	12.49
4	Medium	5 years	14.51	14.74	13.10
5	Coupons	15 years	14.39	14.57	13.85
6		25 years	13.86	14.01	13.71
7	High	5 years	14.54	14.71	13.12
8	Coupons	15 years	14.56	14.73	14.06
9		25 years	14.19	14.33	13.89
10	Irredeemables†		12.51	12.63	11.70
11	Debs & Loans	5 years	15.61	15.54	14.15
12		15 years	15.45	15.45	14.48
13		25 years	15.37	15.42	14.49
14	Preference†		15.58	15.52	14.37

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

[illegible] Unit Tst. Mngrs. (a)
[illegible] Gatehouse Rd., Aylesbury 0296 5941

American Growth	57.5	61.8	−0.7	2.35
Capital	38.4	41.5	−0.1	4.10
(Accum. Units)	49.6	53.6	−0.2	4.10
General	60.0	64.9	−0.1	4.73
Gilt & Fixed Int.	100.9	106.2	+0.9	12.34
Income	39.0	42.2	+0.1	8.86
Worldwide Bond	106.6	112.8	−0.9	4.88
Inv. Tst. Fd.	53.7	58.1	−0.6	4.13
Equitas Prog.	83.3	90.1	−0.4	4.54

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	89.5	94.2	+0.9	12.89

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	90.4	96.7	−0.3	5.57
Brit. Inds. Fund	81.2	86.9	+0.2	6.14
Growth & Income	58.2	62.3	.....	4.01
Elect. & Ind. Dev.	46.8	50.1	−0.1	4.26
Allied Capital	101.0	108.1	−0.4	4.62
Hambro Fund	138.9	148.6	.....	5.44
Hambro Acc. Fund	202.6	216.8	−0.4	4.61

Income Funds

High Yield Fd.	68.9	73.7	+0.2	8.63
High Income	85.0	91.0	.....	7.03
Equity Income Fd.	48.2	51.6	.....	7.15
Govt. Secs.	24.8	25.5	+0.3	12.47

International Funds

International	33.5	35.8	−0.5	2.57
Japan Fund	27.4	29.3	−0.4	0.56
Pacific Fund	64.4	68.9	−1.5	1.36
American Spec. Sits.	—	25.0	.....	1.10
Secs. Of America	79.5	85.1	−0.7	2.88

Specialist Funds

Smaller Co.'s Fd.	59.6	63.8	.....	3.68
2nd Smlr. Co's Fd.	74.4	79.6	−1.3	4.08
Recovery	29.2	31.2	.....	4.52
Met. Min. & C'dty.	56.6	60.6	−0.6	6.29
Overseas Earnings	78.9	84.4	−0.2	4.76

Choularton Fund Managers(g)
57-63, Princess St., Manchester. 061-236 5685

Growth	14.7	15.9	−0.2	3.89
International	54.0	58.3	−0.7	1.24
High Income	28.9	31.2	+0.1	—

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE. 01-242 0282

Growth Fund	79.0	83.1	.....	4.45

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.4	39.7	−0.1	11.15
North American	56.5	61.0	−0.3	2.77
Canadian Exempt*	53.8	56.9	.....	3.44
Canadian Trust	46.6	50.0	−0.4	2.72
Mid Mount High Inc.*	47.1	49.8	.....	9.65
Recovery	57.7	63.0	−0.5	3.50
Gilt Trust	38.8	40.6	−0.1	13.96

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. Amer. Fd.	38.7	41.8	−0.2	0.60
Cres. Internat'l.	81.4	87.9	−0.9	1.71
Cres. High. Dist.	46.2	49.9	.....	9.17
Cres. Reserves	51.1	55.2	−0.2	5.43
Cres. Tokyo	38.0	41.0	−1.2	0.30

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	22.1	24.0	.....	6.94

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb 26	255.3	272.2	.....	4.92

Dunbar Unit Trust Managers Ltd.
53, Pall Mall, London, SW1 5JH. 01-930 2122

Income & Grwth.	22.6	24.0	.....	7.70
Special Sits.	25.4	27.0	−0.9	2.93

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.9	29.5	−0.2	7.40
Gt. Winchester O'seas	31.4	34.8	−1.0	3.59

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

UK Grth. Tst. Acc.	56.4	60.6	.....	4.77
UK Grth. Tst. Inc.	56.4	60.6	.....	4.77
Higher Inc. Tst. Acc.	58.3	62.6	.....	8.28

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Balanced	77.0	82.7	−0.3	4.69
Do. (Accum.)	120.8	129.8	−0.3	4.69
Energy Int.	38.4	41.2	−0.4	2.50
Do. (Accum.)	39.4	42.3	−0.4	2.50
Extra Income	64.3	69.1	+0.1	8.55
Do. (Accum.)	91.6	98.4	+0.2	8.55
Income	100.1	107.6	−0.3	6.92
Do. (Accum.)	164.9	177.3	−0.6	6.92
Int. Technology	76.2	81.9	−1.2	0.49
Do. (Accum.)	77.6	83.4	−1.2	0.49
N. American & Gen.	46.5	49.9	−0.5	1.40
Do. (Accum.)	47.8	51.3	−0.5	1.40
Pacific Basin	45.2	48.5	−1.7	0.31
Do. (Accum)	45.5	48.9	−1.7	0.31
Small Cos. & Recy.	58.5	62.9	−0.2	2.87
Do. (Accum.)	61.4	66.0	−0.2	2.87
Worldwide Gwth.	83.4	89.6	−1.2	2.36
Do. (Accum.)	112.1	120.5	−1.6	2.36

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Equity Accum. (2)	283.3	298.3	.....	3.99

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Property Fd. Jan. 31.	158.50	.....	6.83
Wider Fd. Jan 31	288.65	.....	5.00
Narrower Fd. Jan. 31	73.40	.....	13.90

*Unauthorised. Available only to Local Authorities.

M & G Group (y)(c)(z)
Three Quays, Tower Hill, EC3R 6BQ. 01-626 4588

American	69.1	74.3	+0.9	2.56
(Accum. Units)	75.7	81.4	+0.9	2.56
American Recovery	78.1	83.6	+0.9	1.58
(Accum. Units)	81.4	87.1	+0.9	1.58
Australasian	64.3	68.8	−0.7	2.07
(Accum. Units)	67.9	72.7	−0.7	2.07
Commodity	116.5	124.7	−0.5	5.46
(Accum. Units)	140.4	150.2	−0.5	5.46
Compound Growth	176.1	191.9	−1.5	1.80
Conversion Growth	117.5	128.1	−1.1	2.73

Save & Prosper Group—Cont.
High Income Funds

Gilt & Fxd. Int. Inc.	48.3	50.9	+0.5	12.22
High Return	67.3	72.4	+0.1	8.32
Income	43.0	46.2	.....	10.04

U.K. Funds

Gilt & Fxd. Int. Grth.	54.1	54.7	+0.5	4.71
UK Equity	62.0	67.0	.....	4.10

Overseas Funds (z)

Europe	78.5	84.4	+0.3	2.02
Japan	118.6	127.6	−3.8	0.10
S.E. Asia	75.2	80.9	−0.5	0.73
U.S.	113.9	122.5	−0.7	0.79

Sector Funds

Commodity	111.2	119.7	−3.1	3.54
Energy	110.6	119.0	−1.0	1.64
Exploration Fund (z).	29.6	31.8	.....	0.26
Financial Secs.	100.9	108.6	−0.5	2.77
New Technology (z)	45.6	49.0	−0.5	0.25

Fixed-Interest Fund (z)

Intl. Bond Fd.	60.7	65.0	−0.5	2.26

Exempt Funds

Exempt Income*	199.2	210.3	..	7.49
Exempt Intl.*	350.7	370.2	.....	0.91

Prices at Feb. 24. Next sub day Mar. 10.

Scotbits Securities Ltd.

Scotbits	47.7	51.5	−0.2	3.83
Scotyield	53.1	57.1	+0.1	7.69
Scotshares	82.3	88.9	+0.1	4.84

Schroder Unit Trust Managers Ltd.
48, St. Martins Lane, WC2. Dealings 0705 27733

Capital	167.0	179.5	−1.6	2.87
(Accum. Units)	219.1	235.5	−2.1	2.87
Income Fnd.	245.6	264.0	+0.2	7.31
(Accum. Units)	449.1	482.9	+0.3	7.31
Gen.	141.6	152.2	−1.3	3.82
(Accum. Units)	196.6	211.3	−1.7	3.82
Europe	23.0	24.7	+0.2	3.68
(Accum. Units)	27.7	29.7	+0.3	3.68
Smaller Co.'s	157.7	169.5	−1.6	2.58
(Accum. Units)	157.7	169.5	−1.6	2.58
American	52.1	56.0	.....	0.87
(Accum. Units)	52.2	56.1	+0.1	0.87

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

1981-82 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		Public Board and Ind.				
64½	57¼	Agric. Mt. 5pc '59-89	64½	..	7.75	12.56
29½	23¾	Met. Wtr. 3pc 'B'	26½xd	..	11.26	13.72
114	97	U.S.M.C. 9pc 1982	108		8.50	—
99	91	Do. without Warnts.	99	..	9.32	—
		Financial				
101½	94¼	FFI 14pc '83	99¼	−¼	14.11	14.44
97	88½	FFI (UK Fn) 5½pcDb. '80-2	95xd		5.79	14.80
84	77	Do. 6¼pcDb. '81-84	83½		7.66	14.76
93	82½	Do. 10¼pc Uns Ln. '86	88½	..	12.08	15.00
92	78	Do. 11pc Uns.Ln. '88	85½		13.12	14.50
92	78	Do. 11¾pc Uns.Ln. '90	86½	..	13.88	15.15
94½	78½	Do. 12½pc Un. Ln. 1992	86xd		14.53	15.25
64½	54	Do. 7¼pcADeb. '89-92	59½	...	12.52	15.35
62	51½	Do. 7¼pcADeb. '91-94	56xd	...	12.95	15.20
72½	59½	Do. 9pc 'A' '91-94...	66xd	......	13.59	15.07
70	56½	Do. 8¾pcLn. '92-97	62½xd	..	14.32	15.45
		Building Societies				
100¼	98⅛	Nat wde 14¾pc 11.8.82	100		14.75	—
100½	98	Do. 14¾pc 25.8.82 ...	100	..	14.75	—
100½	98¼	Do. 15¾pc 29.9.82 ..	100⅛		15.32	—
101¼	99¾	Do. 16¼pc 27.10.82 .	100½	..	16.17	—
100½	99	Do. 15⅜pc 24.11.82 .	100¼		15.34	—
100⅛	99¼	Do. 15¼pc 13.12.82 .	100⅛		15.23	—

FOREIGN BONDS & RAILS

1981/82 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
95	58	Antofagasta Rly...	65	.	—	—
57	53½	Do. 5pc Pref......	55	.	—	—
98	98	Chilean Mixed.....	98	..	3	f3.1
28	14	Chinese 4½pc 1898	16	...	—	—
22	11	Do. 5pc 1912	11½	..	—	—
18	8	Do. 5pc 1913 ...	11		—	16.84
16	9	Do. 5pc '25 Boxer	10	..	—	—
45	36	Greek 7pc Ass.	42	...	3½	f8.41
42	33	Do. 6pc 28 Stb. Ass.	40	..	3	f7.50
35	30	Do 4pc Mixed Ass.	35	......	2	f5.77
52	35	Hung. '24 Ass	35	. ..	2¾	f8.38
97½	87	Hydro Quebec 15pc Ln 2011	97½	+¼	15	16.00
67	58	Iceland 6½pc '83-88	60	.. ..	6½	17.00
102	80	Do. 14½pc Ln. 2016 .	86¾xd	+¼	14.50	16.94
92	83½	Ireland 7½pc '81-83.	92	+¼	7½	14.85
79¾	61⅞	Do. 9¾pc '91-96.	66½xd	+¼	9¾	15.57
240	180	Japan 4pc '10 Ass	240	...	—	—
79	66	Do. 6pc '83-88 ..	67xd		6	13.41
165	155	Peru Ass. 2007 ..	161	. ...	5.22	f3.29
96¼	79½	Pet. Mx 14½pc '06	89	+1	14½	17.74
$79	$75	Turin 9pc 1991 ..	$75	. .	9	f12.00
DM90	DM87	Turin 6½pc 1984.	DM87	..	6½	11.60

AMERICANS

1981/82 High	Low	Stock	Price £	+ or −	Div. Gross	C'vr	Y'ld Gr's
16½	912p	Abbott Labs.II.....	15¾	−⅛	72c	—	2.4
17¼	11¼	Alcoa 1S	12⅞	−⅛	$1.80	—	7.4
37⅜	15½	Amax $1	15⅞	.	$2.40	—	7.9
21¼	13⅛	Amdahl	14⅞	−¼	40c	—	1.4
27⅝	16⅝	Amer. Express $0.60	25⅛	...	$2.20	—	4.6
17⅞	10⅜	Amer Medical Intl $1	12¾	−¼	52c	—	2.1
20½	16⅛	Amer. Nat. Res. $1.	18½	....	$2.84	—	8.1
33½	28	American T. & T. Co.	29	..	$5.40	—	9.8
14⅝	949p	Bank America Corpn.	10¼	−⅛	$1.52	—	7.8
19	12⅞	Bankers N.Y. $10	19	...	$2.05	—	5.7

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
650	80	Falcon Rh.50c	80	......	Q25c	10.3	23.3
135	60	Roan Cons. K4	60	......	♦—	—	—
59	20	Wankie Col. Rh.1	20	......	Q3c	1.2	11.2
32	19	Zam.Cpr.SBD0.24	20	......	—	—	—

Australian

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
53	32	Acmex 50c	46	+1	Q4c	—	5.4
41	13	ACM 20c	13	−1	—	—	—
21	4	Argosy Gold NL 25c	4	−½	—	—	—
229	87	Bond Corp.	96	−4	Q10c	2.3	6.6
112	63	Bougainville I Kina	72	−1	Q6½c	ϕ	5.4
302	150	CRA 50c	158	−3	Q5c	ϕ	1.9
25	9	Canada Northwest	10	−1	—	—	—
35	10	Carr Boyd 20c	10	−1	—	—	—
415	34	Central Pacific	36	......	—	—	—
47	11½	Coltus Pacific N.L.	11½	−1½	—	—	—
68	18	Eagle Corp. 10c	18	......	—	—	—
40	15	Endeavour 20c	15	......	—	—	—
560	210	G. M. Kalgoorlie 25c	210	−15	Q32½c	0.9	9.6
25	6	Great Eastern	6	......	—	—	—
185	40	Greenbushes Tin 50c	40	−3	Q6c	1.9	9.1
275	130	Hampton Areas 10p	150	......	2.5	3.1	2.4
168	21	Haoma Gold N.L.	21	......	—	—	—
85	14	Intl. Mining	14	......	—	—	—
118	22	Jimberlana (50cFP)	22	......	—	—	—
15	3½	Kalbara Min 20c	4	+½	—	—	—
245	65	Kitchener NL 25c	65	......	—	—	—
105	9	Leichardt Expln.	11	−1	—	—	—
190	92	Meekatharra 25c	134	−4	—	—	—
70	32	Metals Ex. 50c	35	......	Q3c	1.7	5.2
38	13	Metramar Mins. 20cts	14	......	—	—	—
20	7½	Mid East Mins. NL	8	......	—	—	—
290	156	M.I.M. Hldgs. 50c	156	−4	¶Q5c	ϕ	1.9
57	21	Mincorp 20c	30	......	—	—	—
21	6	Minefields Expl. 25c	7	−1	—	—	—
20	13	Newmetal 20c	18	......	—	—	—
69	22½	Nickelore N.L.	22½	−½	—	—	—
204	134	North B. Hill 50c	136	−1	‡Q18c	1.0	‡
84	46	Nth. Kalgurli	46	−2	—	—	—
150	85	Oakbridge 50c	88	......	†Q6½c	1.9	4.6
185	52	Otimin N. L.	55	−5	—	—	—
188	70	Pacific Copper	70	−4	—	—	—
*423	103	Pancont'l 25c	120	+12	—	—	—
88	42	Paringa M&Ex.5p	44	−6	♦—	—	—
525	305	Peko-Wallsend 50c	316	−6	‡Q15c	—	‡
43	16	Pelsart Res NL	21½	......	—	—	—
287	155	Renison 50c	170	+15	7Q5c	—	1.8
372	110	Do. Dfd.	125	+10	—	—	—
120	42	Seltrust A.	44	......	—	—	—
157	14	Southern Pacific	14	−1	—	—	—
100	25	Swan Resources 20c	27	......	—	—	—
316	49	Vultan Mins 20c	52	−1	—	—	—
18½	5	West Coast 25c	5½	......	—	—	—
130	15	Westn. Cont 50c	20	......	—	—	—
335	206	Westn. Mining 50c	212	−2	‡Q14c	1.6	‡
76	20	Whim Creek 20c	26	−2	—	—	—
101	18	York Resources	18	−1	—	—	—

Tins

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
16	7	Amal Nigeria 1p	9	......	—	—	—
300	210	Ayer Hitam $M1	230	......	Q135c	0.7	14.0
210	98	Geevor	120	−5	—	—	—
12	8	Gold & Base 12½p	10	......	—	—	—
660	470	Gopeng Cons.	520	−5	17.0	1.1	4.7
525	310	Hongkong	380	......	21.0	ϕ	7.9
160	110	Idris 10p	155#	......	♦‡9.0	0.8	‡
*29	10	Jantar 12½p	22	......	‡1.5	4.0	9.7
150	60	Kamunting $M0.50	100	......	†Q27½c	0.8	6.6
710	363	Killinghall $M1	660	......	Q100c	ϕ	3.6
114	68	Malaysia Mng. 10c	68	−2	Q25c	1.1	8.8
68	30	Pahang	32	......	‡0.63	0.8	‡
450	90	Pengkalen 10p	305	......	3.5	—	1.6
380	290	Petaling $M1	310	−10	Q60c	ϕ	4.6
225	180	Sungei Besi $M1	180	......	‡Q310c	1.1	‡
185	90	Supreme Corp. $M1	90	......	¶Q15½c	ϕ	4.2
118	100	Tanjong 15p	105	......	3.5	3.7	4.8
90	60	Tongkah H. Tin $M1	75	......	Q25%	1.3	8.4
410	220	Tronoh $M1	220	......	‡Q110c	1.2	‡

Copper

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
410	165	Messina R0.50	270	......	Q60c	5.2	11.8

Miscellaneous

1981/82 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
175	20	Anglo-Dominion	30	+5	—	—	—
25½	12	Burma Mines 10p	15	+½	0.75	0.9	7.1
330	75	Colby Res. Corp.	85	+10	—	—	—
330	200	Cons. Murch. 10c	250	−25	Q60c	ϕ	12.8
10	5	††Explaura Gold	8	......	—	—	—
98	47	††Hemerdon 10c	60	......	—	—	—
180	65	Highwood Res.	80	......	—	—	—
505	200	Northgate C$1	200	......	—	—	—
633	372	R.T.Z.	414	−1	16.0	2.3	5.5
£130½	£93½	Do.9½%Cu.Ln.95-2000	£98½	......	Q9½%	—	f9.8
103	13	††SPO Minerals 10p	14	......	—	—	—
47	15	Sabina Inds. C$1	18	......	—	—	—
44	21	‡Southwest C. 10p	39	......	—	—	—
650	355	Tara Exptn. $1	425	+25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♀ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	42	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	420	......
Craig & Rose £1	£12¼	......
Finlay Pkg. 5p	25	......
Graig Ship. £1	£21	......
Higsons Brew	65	......
Holt (Jos) 25p	565	......
I.O.M. Stm. £1	122	......
Pearce (C. H.)	£10½	......
Peel Hldgs.	116½	......
Sheff. Refrshmt	80	......
Sindall (Wm.)	280	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£95⅛	......
Nat. 9¾% 84/89	£86	+¼
Fin. 13% 97/02	£88½	+⅛
Alliance Gas	68	......
Arnott	210	......
Carroll (P.J.)	73	......
Concrete Prods.	90	......
Helton (Hldgs.)	22½	......
Irish Ropes	37	......
Jacob	63	......
T.M.G.	13	......
Unidare	53	......

OPTIONS

3-month Call Rates

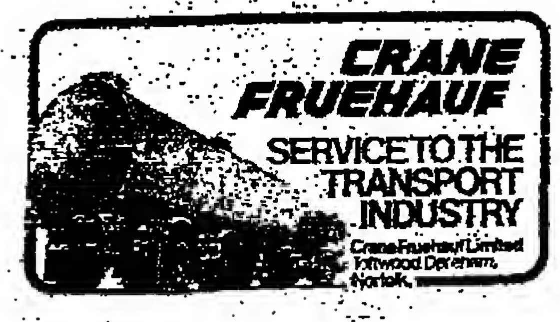
Industrials					
Allied-Lyons	8	House of Fraser	15	Utd. Drapery	7
BOC Intl.	15	I.C.I.	24	Vickers	16
B.S.R.	8½	"Imps"	8	Woolworths	5
Babcock	16	I.C.L.	5½		
Barclays Bank	42	Ladbroke	15	**Property**	
Beecham	21	Legal & Gen.	19	Brit. Land	7½
Blue Circle	48	Lex Service	10	Cap. Counties	10
Boots	19	Lloyds Bank	42	Land Secs.	28
Bowaters	24	"Lofs"	6½	MEPC	20
Brit. Aerospace	17	London Brick	7	Peachey	14
B.A.T.	38	Lucas Inds.	20	Samuel Props.	11
Brown (J.)	7	"Mams"	12	Town & City	3½
Burton Ord.	15	Mrks. & Spncr	12		
Cadburys	9	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	9	Brit. Petroleum	26
Debenhams	7	Nat. West. Bank	38	Burmah Oil	10
Distillers	15	P & O Dfd.	14	Charterhall	6
Dunlop	6½	Plessey	32	KCA	14
Eagle Star	31	Racal Elect.	35	Premier	6
F.N.F.C.	4	R.H.M.	6½	Shell	30
Gen. Accident	28	Rank Org. Ord.	20	Tricentrol	22
Gen. Electric	65	Reed Intnl.	26	Ultramar	38
Glaxo	42	Sears	6		
Grand Met.	17	Tesco	5½	**Mines**	
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	13	Cons. Gold	45
G.K.N.	15	Tube Invest.	13	Lonrho	7
Hawker Sidd	30	Turner & Newall	11	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

FINANCIAL TIMES

Tuesday March 2 1982



Scrutiny row on state sector

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is facing a public clash with a large group of backbenchers of all parties over whether Parliament should be allowed to scrutinise the book of nationalised industries and other bodies receiving public money, such as BL.

Mr Edward du Cann, the Tory MP for Taunton who is the chairman of the liaison committee representing all backbench specialist committees, said yesterday that the supporters of greater scrutiny would force a vote against the Government if necessary.

Meanwhile, the parliamentary row continued yesterday over the large profits made by investors in the sale of the state-owned Amersham International, the radioactive material producer.

The influential Commons Public Accounts Committee is not to conduct a special investigation into Amersham. But Mr Joel Barnett, the Labour MP for Haywood and Royton who is its chairman, said yesterday that the same questions about the disposal of state assets would be covered in the committee's report, dut in two or three weeks on the sale of shares in British Aerospace.

That disposal, too, attracted a large premium in initial share dealings. The inquiry has considered the use of tenders rather than the fixed-price offers, used in the Amersham sale.

The Amersham affair will surface in the Commons this evening. The Opposition has put down a blocking motion against the supplementary estimates seeking parliamentary approval for further expenditure, including the costs of the Amersham sales.

While Labour will not force a vote—since this would cover all the estimates—and there is no possibility of a debate, the question may be raised indirectly. The all-party Energy Committee of the Commons is also considering an inquiry into Amersham.

The issue of parliamentary accountability has arisen because the Industry, Trade and Energy Secretaries strongly resisted proposals for an extension over the whole public sector of the scrutiny powers of the Comptroller and Auditor General, who audits public sector accounts on behalf of the Public Accounts Committee.

These ministers have argued that a change would infringe the principle that nationalised industries report directly to ministers, who should themselves be responsible to Parliament.

A motion, organised by Mr Barnett and by Mr du Cann and supported by 287 backbenchers, has called for an extension of the state sector's accountability to Parliament. Both Mr Barnett and Mr du Cann are now concerned about the signs of resistance in Whitehall.

Mr du Cann said on the BBC Radio World at One programme that the MPs were determined to get a reply from Government and would force a debate. If necessary they would force a vote against the government.

Mr Barnett later said that, in view of reports of government opposition to their proposals, ministers should think again before making a statement.

The Treasury has delayed replying to the MP's motion because of concern about the possibility of vocal backbench opposition. Behind-the-scenes talks, aimed at finding a compromise, look likely. But the MPs appear in no mood to make concessions.

Both Mr du Cann and Mr Barnett yesterday quoted the example of BL's refusal to give the Comptroller and Auditor General access to its books over the disposal of some of the assets of its tractor division at Bathgate, Scotland.

The C and AG has been able to see only BL papers already at the Department of Industry. The Public Accounts Committee is likely to examine this point when its starts its inquiry on Bathgate next week.

Japanese seek EEC backing on U.S. trade

By Charles Smith, Far East Editor, in Tokyo

JAPAN wants EEC support in protests against controversial trade reciprocity legislation which is under debate in the U.S. Congress said Mr Shintaro Abe, Minister of International Trade and Industry, in Tokyo yesterday.

The legislation is expected to involve the U.S. granting access to its market only on similar conditions to those offered by trading partners to U.S. suppliers.

Mr Abe made his plea for co-operation in talks with Mr Leo Tindemans, Belgian Foreign Minister, who is President of the EEC Council of Ministers.

Mr Abe appears to have won a measure of support from Mr Tindemans, who expressed concern about reciprocity and agreed that it was one of a number of threats to free trade.

But the Belgian Minister seems to have stopped short at backing joint action to oppose such legislation.

Belgian Embassy officials in Tokyo stressed that Mr Tindemans had no power to negotiate on behalf of the EEC, though Japan appears to hope that Mr Tindemans will take back to Europe the message that Tokyo is deeply concerned

Mr Abe is reported to have said that Japan viewed the issue with "extreme apprehension."

Japan is expected to raise the reciprocity issue later this month when a Canadian economic mission visits Tokyo.

A Canadian official said his Government was concerned about the effects on Canada of the reciprocity issue: 70 per cent of Canada's trade is with the U.S.

He stated, however, that the legislation appeared to be directed mainly against Japan.

The Japanese seek a joint ministerial conference with the U.S. to deal with bilateral trade problems. This is expected to be proposed to the U.S. later this month when Mr Y. Sakurauchi, the Japanese Foreign Minister visits Washington.

Editorial Comment, Page 16; U.S. research 'think tank' considered, Page 4

Burmah faces defeat on Croda International bid

BY RAY MAUGHAM

BURMAH OIL has decided not to lift its 70p cash per share offer for Croda International, the speciality chemicals group. It faces defeat when the bid closes on Thursday.

Yesterday was the last date which would have given Croda shareholders a clear 14 days to consider any higher bid before the 60-day offer limit elapsed.

Burmah's offer was accepted by holders of only 2.9 per cent of Croda's equity and about a third of those were withdrawn last week.

Mr Campbell Anderson, Burmah's managing director-elect, said: "When we first valued Croda, we added 60 per cent to the prevailing market price to give full value and a premium for control."

Burmah had been "surprised at the confidence and detail" of Croda's forecast for the current year, which predicts a 56 per cent rise in pre-tax profits to more than £16m. The bidder was "prepared to make some increase in its offer."

The forecast of an 86 per cent dividend in 1982 made almost a month ago was "a potentially damaging expedient" in the oil group's view. This had the effect of lifting Croda's shares to a level which would "not be supported by past performance and future prospects."

Burmah shares rose 5p to 113p yesterday. Croda ordinary shares gave up 7p to 76p and the deferred shares dropped a like amount to 45p.

Sir Frederick Wood, Croda chairman, said he had been expecting Burmah to decide not to raise its terms for the past week. "The bid has been so supine," he said. "To succeed. Burmah would have had to make a significant increase. I think we fought it the right way."

The bidder intends to hold the 14.99 per cent stake in Croda it picked up in a dawn raid last December and will "study with interest Croda's performance and the market price in the ensuing months."

Mr Anderson felt the high level of forecast dividend would make it difficult for Croda "to implement its blueprint for the 1980s on restrained cash retentions."

Croda would need significant cash injections which he believed would have to come from shareholders.

The bid for Croda was part of Burmah's plan to establish a speciality chemicals operation as one of five core businesses within the group.

Burmah said it might not be able to acquire Croda at this time but its strategy towards speciality chemicals remained unchanged. A number of further opportunities were under active consideration, both in the UK and overseas.

McDonnell Douglas decides not to participate in air shows

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

McDONNELL DOUGLAS of the U.S., one of the world's biggest aerospace manufacturers, has decided not to participate in either this year's Farnborough international air show, organised by the Society of British Aerospace Companies, or next year's Paris international air show.

It is the first aerospace group to withdraw from the shows. It has previously been strongly represented at both.

The decision reflects growing concern among aerospace companies at the rising costs of participating at air shows in recent years.

The majority of companies believe that a presence at exhiibtions like Farnborough and Paris, which attract thousands of guests, is necessary for prestige and public relations purposes even if no big orders result.

For many smaller companies, the shows are a method of maintaining customer contacts, and even cementing sales.

Mr Sanford McDonnell, chairman and chief executive of McDonnell Douglas, told the Society of British Aerospace Companies that although "useful customer contact" is accomplished at the shows, the cost of yearly participation, in terms of dollars and executive man-hours, "far outweighs the benefits.

"Furthermore, we feel that a yearly event does not provide a sufficient interval for significant technological advance or meaningful product improvement."

The Farnborough event occurs every other year, in September, and the Paris event every other June, so that there is one show every year. The cost to McDonnell Douglas is between $2m and $3m (£1.1-£1.6m) including the cost of aircraft as well as entertaining and executives' time.

Mr McDonnell said a decision on participation at Farnborough and Paris after next year would be taken later. The next show would be Farnborough in 1984.

The decision also affects other events. The company has rejected suggestions that the U.S. have its own air show.

McDonnell Douglas would not have anything new to show at Farnborough (form September 3 to 12, whereas its rival, Boeing, will be showing the new 757 and 767 airliners.

It had been hoped that the McDonnell Dougas/British Aerospace AV-8B advanced Harrier would appea rat this year's Farnbourough, but it cannot be spared from its flight test programme.

Continued from Page 1

Barclays

chant Bank, Mercantile Credit and Barclays Trust Company all improved in 1981. Other subsidiary and associated companies increased, rising £14m to a £47m profit contribution.

The balance sheet grew in 1981 by just over 30 per cent, partly as a result of the movement of sterling against the dollar.

Heron wins ACC case

Continued from Page 1

about the offers. This legal action has swung about so much."

Mr Benjamin said the board had met on Saturday. The meeting was attended by Mr Holmes à Court and "matters of commercial policy" were discussed.

Although the battle for control of ACC involves two interested bidders. Mr Robert Maxwell has indicated he would be interested in making an offer for the company. Last night he still had to declare his intentions following yesterday's courtroom developments.

On the London stock market, shares of ACC's non-voting equity rose 5p to 86p.

Top salesman at BL is to leave

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN GENEVA

MR TONY BALL, BL's top salesman who was credited with the successful launch of the Metro, is to leave the company in the autumn.

The announcement yesterday took the industry by surprise. Mr Ray Horrocks, chairman of BL Cars, said there had been no row.

Mr Ball's decision apparently stems from the latest restructuring of BL's car operations.

The importance of his job as chairman and managing director of BL Europe and Overseas was reduced somewhat at the beginning of this year when Jaguar's sales and marketing, previously part of his responsibility, was taken over by the Jaguar company. This left Europe and Overseas with only the Austin and Morris products.

BL is considering whether Europe and Overseas' remaining responsibilities should be integrated with the Austin-Morris Production company, known as the Light Medium Cars division.

Mr Ball, 47, joined BL at the invitation of Sir Michael Edwardes, chairman, in 1978. He signed a four-year contract, which ends in the autumn.

He decided to move on as this coincides with the structural changes and, by the autumn, with a lull in BL's marketing efforts.

Mr Ball wants to remain in the motor industry and possibly return to retailing. He started as an apprentice with BL but left in 1967 to join Barlow Rand's retail motor division as chairman.

At BL, Mr Ball supervised the launch of the Triumph Acclaim, the launch of other "facelifted" models, and started the revitalisation of the continental sales network.

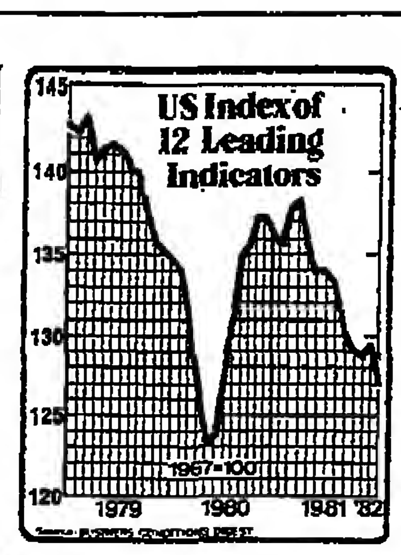
In the past he has drawn the wrath of competitors with some campaigns which they allege began "disorderly marketing" in Britain in terms of price cutting, giveaways and so on. At present he is completing the planning for the launch of BL's vital mid-range car, the LM10. This will be on sale early next year.

Mr Horrocks said that, when Mr Ball leaves, "there will still be a very big marketing job to do at BL—one of the biggest in the UK industry." He expected the role to be filled from inside the company.

Mr Ball has two "deputies"—Mr Trevor Taylor, UK sales and marketing chief, and Mr Bert Lawrence, responsible for overseas markets.

Mr Ball said last night: "Four years ago, few people would have given BL much of a chance. Now with the positive action we have taken, and new products coming through virtually every month, the company has a very bright future.

"It has been a tremendous challenge and a rewarding experience to be a member of Sir Michael's team throughout what must surely have been one of the most vitally important periods in the history of the British motor industry."



Setback for Reagan hopes on economy

By Anatole Kaletsky in Washington

HOPES of an early recovery from recession in the U.S. economy were dealt a blow yesterday with the publication of the latest index of leading indicators from the Commerce Department.

The index which suggests future turning points in the economy, fell sharply in January —by 0.6 per cent—for the ninth month running. To make matters worse, a revision of the December index showed that this had also fallen, by 0.3 per cent and not increased as the preliminary figures had suggested.

The apparent increase in the December index had been seized on by Administration officials and by President Ronald Reagan himself, as an indication that the economy would begin its recovery in the spring or early summer. This now looks increasingly improbable.

Mr Robert Ortner, the Commerce Department's chief economist, said yesterday that the indicators suggest the economy had not yet bottomed out. Although there was "no proof in these indicators that the economy can't turn up in the second quarter."

The January fall in the index was the largest drop since a 1.7 per cent decline in October last year, while the 0.3 per cent December fall compares with an initial estimate of a 0.6 per cent increase

Six of the nine components in the index showed a decline in January. With one, the average working week, the fall was so sharp as a result of January's bad weather that it was omitted from the overall index. This has been criticised by some private economists who believe the prospects for the economy are even gloomier than the index suggests.

The three positive components in the index were the speed of deliveries, issue of building permits and the growth of the money supply. The latter, which grew very sharply last month, was much the biggest positive influence on the overall index.

Fed policy blamed, Page 4

Weather

UK TODAY

Bright or sunny at first with increasin cloud and rain later.

London, S.E., S., E. and N.E. England, Midlands, E. Anglia, Channel Isles, Borders, Edinburgh, Dundee

Sunny intervals, with early scattered showers in the E., cloudy later with rain. Max. 8C (46F).

S.W. and N.W. England, Wales, Lakes, Isle of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland

Bright at first, becoming cloudy with rain. Max. 9C (45F).

Rest of Scotland

Sunny intervals, occasional showers, wintry on high ground, becoming cloudy and rainy. Max. 6C (43F).

Outlook: Colder, showers in all parts.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	L. Plms.	F	20	68
Algiers	S	21	70	Lisbon	C	15	59
Amsdm.	S	11	52	Locarno	S	10	50
Athens	C	12	54	London	R	7	45
Bahrain	F	22	72	L. Ang †	C	14	57
Barclna.	S	16	61	Luxmbg.	C	10	50
Beirut	C	14	57	Luxor	S	26	79
Belfast	F	7	45	Madrid	S	16	61
Belgrd.	C	9	48	Majorca	F	17	63
Berlin	C	8	46	Malaga	S	23	73
Biarritz	C	12	54	Malta	F	16	61
Bmghm	R	8	46	M'chstr	R	5	41
Blackpl.	F	7	45	Milan	S	12	54
Bordx.	F	16	61	Montrl.†	C	−17	1
Boulgn.	C	10	50	Moscow	C	−3	27
Bristol	R	7	45	Munich	C	9	48
Brussels	F	10	50	Nairobi	S	29	84
Budpst.	Fg	3	37	Naples	S	15	59
Cairo	F	20	68	Nwcstl.	F	8	46
Cardiff	F	8	46	Nice	S	13	55
Cas'b'ca	C	18	64	Oporto	F	16	61
Cape T.	S	23	73	Oslo	C	0	32
Chicg.†	S	1	34	Paris	C	14	57
Cologne	C	10	50	Perth	S	28	82
Cpnhgn.	C	5	41	Prague	C	8	46
Corfu	S	15	59	Rykjvk.	C	0	42
Denver†	S	1	34	Rhodes	F	15	59
Dublin	R	6	43	Rome	S	15	59
Dbrvnk.	S	13	55	Salzbrg.	C	10	50
Ednbgh.	R	6	43	S'ciscot	R	13	55
Faro	F	19	66	Singapr.	T	33	91
Florence	C	12	54	Stckhm.	C	2	36
Frankft.	C	10	50	Strasbg.	C	1	52
Funchal	C	17	63	Tangier	C	17	63
Gibrltr.	S	20	68	Tel Aviv	S	18	64
Gl'sg'w	C	6	43	Tenerife	S	22	72
G'rnsey	F	9	48	Tokyo	C	7	45
Helsinki	R	−2	28	T'r'nto†	C	−5	23
Innsbrk.	S	9	48	Tunis	F	17	63
Invrnss.	S	5	41	Valencia	S	22	72
I o.Man	S	8	46	Venice	S	8	46
Istanbul	C	5	41	Vienna	C	11	52
Jersey	F	10	50	Warsaw	R	4	39
Jo'burg	F	24	75	Zurich	F	11	52

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet Sn—Snow. T—Thunder.

THE LEX COLUMN

Barclays joins the dividend race

The howl raised by the banks last year about the damaging impact of the windfall profits tax on their reserves has not prevented them from pursuing a very progressive dividend policy. Barclays, which yesterday reported an 8 per cent rise in 1981 profits to £567m pre-tax, has pushed up its full year payment by 18.9 per cent and is more or less committed to a 20 per cent rise in the current year.

Barclays is extending this largesse—admittedly well covered by current cost earnings—even though retentions are failing to keep pace with the rapid, currency-inflated growth in the balance sheet. The free capital ratio fell from 4 to 3.6 per cent last year and will be brought back only to 3.8 per cent by the planned sterling debt issue. This is by no means a worrying level, however, and the ratio of subordinated debt to equity remains conservative.

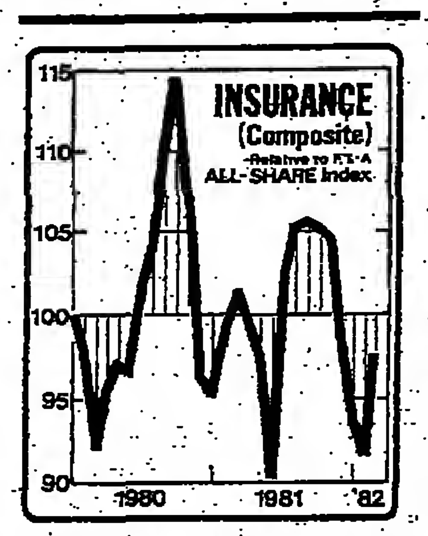
The bank is having trouble keeping a lid on UK staff costs, which rose 15 per cent last year despite a 2 per cent fall in numbers. This was a worse performance than either Lloyds or NatWest and helped to push domestic banking profits down by 13 per cent to £308m before bad debt provisions but after loan capital costs.

Net interest income showed hardly any rise in the UK last year and, like the other banks, Barclays is leaning heavily on its international division and consumer finance activities to make the running. The interest paid by Barclays Bank International on loan capital more than doubled last year, which gives some indication of the ambitious plans. But the overseas operations no longer have the potential for growth still being enjoyed by Lloyds and, in the near term, Barclays will be taking a more cautious line on international advances. At 480p the prospective yield on the shares is 8.1 per cent.

Royal Insurance

The easing of the pre-tax profits of Royal Insurance by just £4.6m to £117.6m for 1981 disguises some very big swings in the composition of the result. For instance the overall underwriting loss on general business has jumped from £40.3m to £102.8m, but on the other hand investment income, boosted by the rights issue, has soared by £55.2m to £201.5m. To emphasise the way in which insurance companies now write for an overall result, Royal is now allocating part of the investment income to each territory, which goes part of the way towards offsetting the huge underwriting losses in Canada and Australia and reveals the U.S. to be in decent overall profit. The analysis also shows, however, that the whole of Royal's general insurance profit of £49.5m, after attributable investment income, has been earned in the UK—with only an overall breakeven position on over £1bn of premiums written in the remainder of the globe.

Index rose 3.5 to 550.8



In 1982, moreover, the UK is likely to be in quite sharp retreat, and the US—where Royal is pushing strongly for new business, with dollar premiums up 15 per cent last year—is still on a worsening trend. So what Royal is counting on is the recovery potential of Canada and Australia, where the group is at last willing and able to raise premium rates at the expense of market share.

Overall the swings should at least offset the roundabouts and the market is talking about £130m pre-tax for 1982. A degree of optimism is encouraged by the way the dividend has been edged ahead by some 5 per cent, for a yield of 10.4 per cent. Still, the tumble in earnings per share from 46.2p to 38.5p is a reminder that the late-1980 rights issue has so far failed to pay off for shareholders.

Fisons

The market in Fisons shares is dominated by the possibility of a takeover bid when the deal to sell the fertiliser business to Norsk Hydro goes through. But yesterday's preliminary figures—showing pre-tax profits up from £3.8m to £9.3m in 1981—go a long way towards justifying the present share price on fundamental grounds, and provide a base for a solid takeover defence if one should prove necessary.

The benefits of the last 18 months' rationalisation are coming through quite strongly, especially in the transfer-listed fertiliser division, where second half losses of £2¼m pre-interest in 1980 have been replaced by profits of the same order this time. But the bulk of profits come as usual from pharmaceuticals, which moved up to £15.0m from £12.3m pre-interest. Big volume gains have been achieved overseas—particularly in Japan—and Fisons seems to have discovered an ability to extract growth from minor variations on established products.

Net borrowings have held steady over the year, but the profit and loss account is still crippled by £13.3m of finance charges. The £50m due from Norsk Hydro in the summer—£40m of cash plus the assumption of some lease obligations—will change all that; pre-tax profits could be up to £17m or £18m in 1982, and net debt will come down to about 40 per cent of tangible equity. The balance sheet now looks clean, after £31m of extraordinary items in two years and should be strong enough to ensure proper support for the remaining businesses. At 260p, up 20p yesterday, the shares trade on roughly 11 times fully-taxed prospective earnings. Respectable dividend cover should be restored this year too; meanwhile the yield is 5.6 per cent.

Burmah/Croda

Yesterday Burmah Oil had its last chance to increase its offer for Croda: instead, it announced that the present 70p bid is to lapse on Thursday. Croda's ordinary shares immediately came back 7p to 76p, but at this level they are well supported by a 13 per cent yield on the bumper dividend that now has to be justified by results

Burmah apparently felt that to secure Croda it would have to raise its bid by a good quarter—say £20m—which it felt unable to justify. Such concern for initial return on investment is all too rare in takeover bids these days. Burmah may also quite simply have lost stomach for a fight about which few were enthusiastic and in which its recent history was raked over

The bid began with the now customary dawn raid — an aggressive action which seems to have destroyed any chance of agreeing a price with Croda. It also leaves Burmah with a 15 per cent stake, which should make Croda especially keen to meet its profit forecast.

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